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Tough Times for the 'Big 3' GM's Loss Underlines Carmakers' Woes

By Doron P. Levin
New York Times Service

DETROIT — General Motors Corp., the biggest U.S. automaker and manufacturing company, reported a \$2 billion third-quarter loss on Wednesday. GM's loss, caused by a \$3.3 billion pretax writeoff of redundant factories, served as a sign that the key automotive sector of the nation's manufacturing base has not yet succeeded in reversing a decade of decline.

On Tuesday, Ford Motor Co. posted a 79 percent drop in third-quarter profit, one day after Chrysler Corp. reported a \$214 million loss.

Beyond the uncertain economic climate and depressed consumer confidence provoked by the threat of war and higher fuel prices, financial analysts say they are concerned that foreign competition, especially from Japanese automakers, has made widespread discounting — in the form of cash rebates from manufacturers — a permanent factor necessary to sell many domestic cars and trucks.

And experts say they worry that Detroit's widely acknowledged strides in quality and productivity

have not been enough to stem the economic erosion evidenced by closed plants.

"The question is whether this is the final turn before they become lean and mean, or is it more of the rapid glacial retreat that characterized GM throughout the 1980s," said James Womack, research director of the automotive study project at the Massachusetts Institute of Technology.

Ford, demonstrably the strongest of the Big Three because it closed plants in the early 1980s, is

Executives at Ford of Europe wonder how long they can prop up the parent company. Page 11.

not currently profitable in U.S. automotive operations. Chrysler is scrambling to find foreign partners to develop new vehicles because its financial resources have been shaved thin by questionable business decisions.

Japanese automakers must deal with the same economic conditions as the U.S. Big Three and have faced similar difficulties, such as discounting

See GM, Page 12

U.S. Parts Don't Measure Up, Toyota Says

By David E. Sanger
New York Times Service

NAGOYA, Japan — Some 200 executives of U.S. auto-parts makers fell into a stony silence here the other day when Osamu Obata, a Toyota Motor Co. official with little use for traditional Japanese indifference, made it clear that what was good enough for Detroit would clearly not cut it in Toyota City.

"Unfortunately, there is still a relatively big gap between the quality of parts we buy domestically for Toyota cars and the parts we import," Mr. Obata said, pointing to a graph that showed defect rates 100 times better for components supplied by 147 Japanese companies than those supplied by 75 American and European concerns.

Minutes later, Shozo Hirako, Toyota's head of purchasing, gave the rest of the bad news: American parts need not only to pay more attention to quality, but also to drive their costs down dramatically. "Imported parts," he intoned, as some of the U.S. Big Three's suppliers took careful notes, "have lost their competitive edge."

The message might have been harsh, but none of the top officials of 53 American and Canadian companies supplying Toyota were complaining, at least publicly. With Detroit's automakers in a downturn and unable to stem the loss of market share to Japan, and with the Japanese auto market still booming, getting supply contracts with Toyota, Nissan and Honda has become an issue of survival for makers of auto parts.

In a three-day visit to Japan's industrial heart-

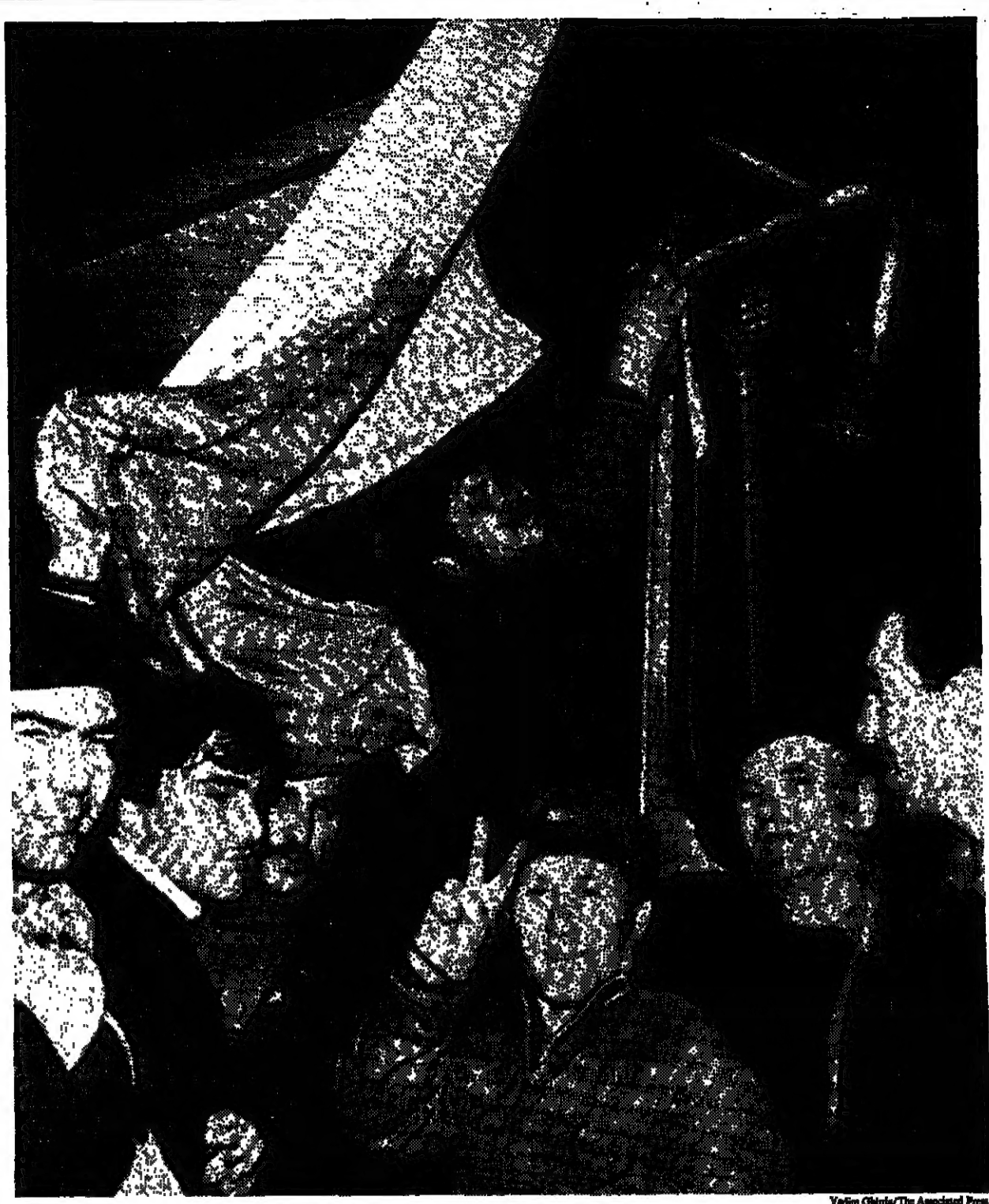
land, organized by Toyota as part of its effort to reduce what may be the biggest corporate trade surplus with the United States, the American executives got a sometimes brutally frank assessment of their shortcomings.

As a result, Toyota's session here, the first of its kind in Japan, was part boot camp, part revival meeting. It included warnings that those unwilling to change will be left by the side of the road, mixed with testimonials from parts makers who once strayed off the Toyota path until they found peace and profits by doing things Toyota's way. To drive home the point, Toyota has been taking the suppliers into its factories, and even into the factories of Japanese suppliers.

"There is no question that the No. 1 issue for Toyota now is quality," said David A. Snyder, an official of Delco Electronics, a subsidiary of General Motors Corp., which scored a major victory recently when it began supplying a key pressure sensor to Toyota. "I've never seen a company that gets involved in your business, right down to the manufacturing processes, the way Toyota does. But over the past year we have learned that if you can do business with Toyota, you can do business with anyone."

In private, not everyone was so complimentary. Although Toyota claims that 60 percent of the components it uses in the United States are locally produced, only 1 to 2 percent of the parts it uses here are supplied from abroad. Political pressure seems bound to make that figure increase. But the

See TOYOTA, Page 2



MOLDAVIAN UNREST GROWS — In the Moldavian capital, Kishinev, members of civil-defense organizations draping a bus with flags in the central National Assembly Square as they prepare for a night ride through the restive Soviet republic. Page 2.

Bush Has 'Had It' With Iraq Brutality

Says Sanctions Haven't Achieved Goal in the Gulf

By Dan Balz
and David Hoffman
Washington Post Service

WASHINGTON — President George Bush complained strongly on Wednesday about the treatment of Americans at the U.S. Embassy in Kuwait and warned President Saddam Hussein of Iraq that he had "had it" with brutality against Americans.

But Mr. Bush said that he did not believe the United States was closer to war in the Gulf and that he wanted to give economic sanctions against Iraq more time to work.

Mr. Bush also sharply rejected speculation that the tough talk

A Soviet envoy sees Iraq growing more open to a political solution. Egypt rejects Gorbachev's call for an Arab summit on the crisis. Articles, Page 4.

about the Gulf by administration officials was designed to divert attention from his own domestic political problems, condemning such suggestions as "the ultimate of cynicism and indecency."

[In Baghdad, a Foreign Ministry spokesman rejected Mr. Bush's charges of brutality against Americans, Reuters reported.]

"It is clear that the Bush administration is bent on escalating the situation in the Gulf through fabricating lies and justifications to accelerate military action against Iraq," the spokesman said on Baghdad television.

"We stress emphatically that all foreigners including Americans who are Iraq's guests receive full and good treatment concerning housing, food and medical care, he added."

Mr. Bush's statements reflected an evolution in administration thinking about the U.S. Embassy in Kuwait. Iraq cut off its power and water on Aug. 24, and the embassy since has been existing on backup power and dwindling supplies of food and water.

Administration policy at the time Iraqi troops sealed off the embassy was not to let it become a flashpoint for possible military conflict.

Officials say they anticipated that the embassy would eventually

See BUSH, Page 4

U.S. Strategy: Trying to Scare Iraq, and to Prepare Americans for War

By David Hoffman
Washington Post Service

WASHINGTON — The stepped-up American pressure on Iraq is part of a new exercise in brinkmanship — to scare Saddam Hussein into relinquishing Kuwait, prepare the American people for possible hostilities and, if war comes, to improve U.S. firepower on the ground.

The administration's tactics include more explicit threats by President George Bush and Secretary of State James A. Baker 3d to use force, the

deployment of tens of thousands of additional armored troops to the Arabian Peninsula, Mr. Baker's trip to the Gulf region and still more resolutions against Iraq at the United Nations.

NEWS ANALYSIS

All these efforts could put U.S. forces in the Gulf closer to conflict, but they are also intended to drive Mr. Hussein into retreat, according to administration officials and outside analysts. If the Iraqi leader does not budge, then Mr. Bush will

have to decide, perhaps in November or December, whether to go to war to liberate Kuwait.

Mr. Bush's rhetorical and logistical offensive is complicated by the need to prepare an increasingly skeptical U.S. public for a possible conflict, and at the same time avoid a domestic backlash that could make it harder to make war.

"We have two very distinct audiences," said a senior State Department official. "Saddam Hussein is listening to all of this, and you hope he cracks or falls on the floor and comes to Jesus. But at the same time you have to be careful with the

domestic audience. You've got to explain what you're doing here."

The complex problem of sending signals to different audiences — domestic and foreign — has plagued U.S. policymakers in numerous foreign crises.

So it has been in this confrontation, and there was fresh evidence of the problem this week. Mr. Bush told congressional leaders his patience with Mr. Hussein was wearing thin, but influential legislators warned him against moving precipitously toward war.

In the same vein, Mr. Baker asserted in a speech on Monday that U.S. hostages were being abused in captivity, but the legislators wondered whether the administration was searching for a pretext to fight.

A similar push-and-pull dynamic rippled through international diplomacy in recent days when both the Soviet Union and France talked optimistically about peace prospects, while the

See STRATEGY, Page 4

Some in North Carolina Say Helms May Have Met His Match

By Robin Toner
New York Times Service

RALEIGH, North Carolina — Suddenly, North Carolinians are asking a question that many never expected to be asking a week before the election: Can Harvey Gantt really pull it off?

The contest between Mr. Gantt, a black Democrat who is the former mayor of Charlotte, and Senator Jesse Helms, a white, 18-year Republican incumbent who is one of the toughest competitors in American politics, is among the closest of the nation's Senate races in the public opinion polls as Americans prepare to go vote next Tuesday.

There are many unknowns here. Recent public opinion polls show the race even or Mr. Gantt with a slight lead.

But polls have overestimated white support for black candidates in the past, leaving many people in politics wary of the recent findings.

Moreover, the Helms organization is a master of the endgame of a campaign, and over the past few days has unleashed a blistering advertising assault against Mr. Gantt.

For all of that, Mr. Gantt has done what many thought he could not do when he entered the race last

winter. The calm 47-year-old architect has rattled the Republicans and methodically pushed Mr. Helms, 69, into an angry, demanding battle.

"It's just a complete dead heat," said Charles Black, a Republican consultant to the Helms campaign. "You spend a million and move an inch and the other guy spends a million and a half and moves an inch back."

Blacks make up about 20 percent of the electorate in North Carolina and Mr. Helms is not expected to get many of their votes.

But Mr. Gantt also needs at least 40 percent of the white vote to win. Turnout will be especially critical in this race.

Republicans are worried that Mr. Helms' constituency will not vote at the levels it would in a presidential year, while Mr. Gantt's supporters will vote in force.

"The Gantt base, which consists of black voters and urban liberals, is motivated," said Tom Ballus of the state Republican Party. There's a Helms hate fervor out there.

Republicans are also worried about the effect of President

See HELMS, Page 2



Harvey Gantt, who is in a close contest with Senator Jesse Helms in North Carolina, speaking at a rally in Charlotte.

Upset, Syria Signals Rethinking of Gulf Role

By Nora Boustany
Washington Post Service

DAMASCUS — Angered over what it sees as a U.S.-led coalition against Iraq, Syria is giving warning signals it may reconsider its participation in the alliance.

Western diplomats in the Syrian capital expressed concern over a recent campaign accusing the United States of exploiting the Gulf crisis to provide unlimited support to Israel.

Popular discontent with the decision by the Syrian president, Hafez Assad, to send troops to Saudi Arabia to join forces with a Western-Arab alliance against Iraq is said to have also filtered into army ranks.

Syrian Foreign Ministry officials insist that the government's stance remains unaltered in that the Iraqi leader, Saddam Hussein, should pull his troops out of Kuwait and the ruling Kuwaiti family should be reinstated.

But high-ranking Syrian spokesmen are uneasy over the use of the word "allies" when it comes to the United States.

One of Mr. Assad's spokesmen, asked to clarify Syria's commitments, said: "We? Allies? Who said

we are going to fight with the American army? Syrian troops are there at the request of the Saudi government to help defend their Arab country."

The description of the Syrian presence as "an interposing buffer force between Arab brothers" belies the sensitivity in Syria to the prospect of a drawn-out battle against Iraq.

"The sentiment in the army is the same as that of the people," an Arab analyst based in Syria said. "Nobody wants to see the potential of an Arab country destroyed."

The most telling display of opposition to Syria's role in the Gulf coalition were posters of Mr. Assad in a Damascus suburb with black crosses painted over his face.

A Syrian promise over a month ago to send an armored division of 12,000 troops, 250 tanks, 50 other armored vehicles and a brigade of paratroopers to bolster the 4,000 Syrian soldiers already in Saudi Arabia and the United Arab Emirates has yet to materialize.

Syria's reluctance to commit more special forces from its 9th Division in Deraa, near the Golan Heights, has deeper implications

See SYRIA, Page 4

Kiosk

Polish Border: Bonn Agrees

WARSAW (AP) — Polish and German negotiators agreed Wednesday on the text of a treaty confirming their present border on the Oder and Neisse rivers, a pact that would end decades of uncertainty dating to the end of World War II.

The accord came at the end of the first round of negotiations on relations, according to Jerry Sulik, chief Polish negotiator and director of the Foreign Ministry's European department.

General News

China, without explanation, releases a dissident it arrested after the crackdown. Page 6.

Sports

West Germany beat Luxembourg, 3-2, in European soccer. Earlier article. Page 17.

Crossword

Page 7.

Down Close

2,442.33	The Dollar on New York
Down 5.69	DM 1.5181
	Pound 1.9436
	Yen 130.136
	FF 5.064

Soviet Spirits Low, Even Police Find a Case for Moonshine

By Francis X. Clines
New York Times Service

MOSCOW — The hangover from the Gorbachev leadership's ill-fated temperance drive is causing such intense vodka shortages and bootlegging that the deputy police chief of Moscow has come out in favor of the legalization of moonshine to protect civil order.

"The holidays are coming, and if the stores do not get more vodka to sell to the people the situation might become explosive," the deputy chief, Lev P. Belyansky, said as his department conceded that there was an uncontrollable racket in overpriced illicit vodka.

Beyond the black market, normal neighborhood anti-crime patrols are being stripped of personnel, he said, in order to police long and frequently unruly

lines of thirsty Muscovites scouring the city's state stores for strong drink.

Samogon, or moonshine vodka, is increasingly being made in the apartment warrens of Moscow, the deputy chief said, because the price of a bottle of vodka on the black market — the only place it is readily available — now costs more than an average day's pay.

In conjunction with the deepening economic decline, the black-market vodka price has jumped in two months time from 15 rubles (about \$2.50 at the new tourist rate) a half-liter bottle to 25 rubles — a goodly amount in a nation where the average wage is 280 rubles a month — as opposed to 10 rubles at usually empty state stores.

Such prices mean that Mr. Belyansky's detectives are now discovering illicit vodka-factory dens that he compares to the crack houses of New York or Washington.

"Last month we raided an apartment that produced 1,500 liters a month," he said, tabulating intonations with a retail street value of 450,000 rubles a year.

He traced the problem to the government's anti-alcohol drive of five years ago that saw an official frenzy of destroyed distilleries, uprooted vineyards and shut-down breweries.

That temperance drive among a police-state-wary populace known to prize a bit of internalized escape cost a fortune in lost taxes for the threadbare national budget.

It also provided natural impetus for a modern wave of home brewing that continued six-centuries-old peasant recipes for samogon, the clear, distilled liquor traditionally made from potato mash.

"Of course, the old grannies make the best stuff," Mr. Belyansky said.

He feels that an immediate way to fight the growing wave of violent competition among black-market dealers in vodka, cognac and champagne is to legalize the ordinary family home still and to create cooperative distilleries to help deal with the larger state shortages.

"Drinking strange stuff can be hazardous, but I trust my friend's samogon," said Sergei Afonin, one of a group of men standing affably near a neighborhood shed where friends can often be seen sharing reliable vodka from various sources to ward off the evening chill.

As the group celebrated the Muscovite's ingenuity under the circumstances, Gennadi Panteleyev remarked, "The problem is eternal."

Mr. Afonin said, "Normally it takes seven days for the mash-fermenting process, but I know people

See VODKA, Page 2

سكنا من الله صل

Nationalism Boils In Soviet Moldavia Over Secession Aim

New York Times Service
MOSCOW — Nationalist rivalries seethed anew in the Soviet republic of Moldavia on Wednesday as angry crowds of demonstrators gathered at border checkpoints but eventually averted violence.

The crowds, which the Soviet press agency Tass estimated at more than 3,000 ethnic Moldavians, protested the use of central government troops to help keep order in the southern part of the republic, where the Gagauz minority is trying to secede.

At one point, some of the protesters threw stones at one of the central government checkpoints in Stryanovka, a town on the Romanian border, according to news accounts.

But leaders from the Moldavian capital, Kishinev, eventually calmed the protesters and they dispersed, Tass reported.

Extra central government troops were sent to Komrat, the main city of the 150,000-member Gagauz minority, after thousands of angry Moldavians vowed to put down the Gagauz separatist movement. Their caravans were reported withdrawing Wednesday after a stand-off in which central government troops barred their progress.

In the last week, the Gagauz, a small but determined Turkic minority in the republic of 4.3 million people, have announced their independence from Kishinev, attempted elections and chosen a president — Stepan Topol, a 52-year-old civil engineer.

The actions were pronounced unconstitutional by the Moldavian parliament, which has been deeply involved in its own separatist campaign directed against the central government of President Mikhail S. Gorbachev.

The Moldavians have announced the creation of their own army and said that the first 26 military vehicles were being purchased for the "Tiras-Tigina" battalion.

Such moves have heightened the growing mood of resentment and confrontation between the central government and the outlying areas where various republic and nationalist pressure groups have been demanding increased sovereignty.

Elsewhere, the largest of the 15 republics, the Russian Federation, passed a new law on economic sov-

ereignty on Wednesday, declaring that the republic had full control over its natural resources and veto power over resource contracts with foreign businesses.

In Armenia, the parliament approved restrictions on consumer goods, saying they could not be exported to other republics unless subject to new Armenian agreements. The decentralization of authority in the nation has been marked by an increasing pattern of local rationing measures.

In reaction to this, Mr. Gorbachev has signed an executive order demanding that the republics, insurgent-minded cities and other jurisdictions continue to conform to the nation's central economic plan down to each individual contract for goods and services.

The debility of the central plan, the heart of economic communism, is part of the national government's dilemma over whether and how to proceed toward a free-market economy.

As Mr. Gorbachev has hesitated to move quickly, heading hard-line advisers, various republics are moving on their own in announcing free-market plans.

The Russian parliament announced its new resources law as the beginning of "privatization" in the republic, a step that the national Soviet parliament has not yet taken. The intent of the law is to encourage foreign businesses to invest with greater confidence in Russian deals.

But the latest economic data show that foreign investors are becoming more wary as the sovereignty crisis grows in the nation and jurisdictional disorder increases.

Although investors continue to sign letters of intent for proposed new businesses, their actual appropriation of capital has been dropping by more than 50 percent in recent months.

In Moldavia, the tensions of the last week were reported easing in the southern republic as a political understanding was reached for the Gagauz and Moldavians to begin negotiations through what Tass called a bipartisan conciliatory commission. Rival civilian vigilante groups were reported backing off there, too.

— FRANCIS X. CLINES



FOOD FOR THOUGHT — Pavel Juracko taking another bite on Wednesday as he continued his protest against hunger strikers in Bratislava who are calling for changes in laws on the use of the Slovak language in Slovakia. Behind Mr. Juracko, a sign says: "I am protesting against the inhuman protest. Hunger strikes will not solve it. There is no bigger price than human life."

Rivals Claim Victory Over India Mosque

By Barbara Crossette
New York Times Service

NEW DELHI — The staunchly pro-Hindu north of India was relatively quiet Wednesday, as both Hindu militant organizations and the government claimed victory in the confrontation Tuesday at a disputed mosque in Ayodhya.

The Press Trust of India said that the death toll had risen to 56 nationwide, as people died Wednesday from injuries sustained in the past few days in demonstrations by Hindu militants seeking to tear down the Ayodhya mosque, the Babri Masjid, and built a temple to the Hindu god Rama, who they believe was born there.

Leaders of the militant Vishwa Hindu Parishad, the organization leading the assault on the 16th-century Babri Masjid, said that thousands more volunteers were waiting to storm the site.

As protests in Ayodhya and in several other cities in India were at a standstill, events were moving fast on the political front. Prime Minister Vishwanath Pratap Singh's leading rival within his own Janata Dal Party, Chandrabhai Shekar, announced for the first time that he wanted Mr. Singh to resign.

Mr. Shekar has been campaigning to replace Mr. Singh as prime minister without an election.

Party officials are suggesting that Mr. Singh might tender his resignation as early as Monday or Sunday, rather than to wait for the outcome of a vote of confidence in Parliament on Nov. 7.

Wednesday, Mr. Singh said that all members of Parliament detained during the demonstrations over the future of the Babri Masjid would be freed in order to come to a strictly numerical tally. Mr. Singh cannot win the vote, since he has lost the backing of the Bharatiya

Janata Party, a pro-Hindu group that backed the demonstrations.

The Singh government is accused of allowing a religious dispute to erupt, along with a caste war, arising from its work quota plan for lower-caste Indians.

Rival claims to victory in the confrontations in Ayodhya do not necessarily imply further violence. Wednesday, Hindu devotees gathered for thanksgiving celebrations, insisting that their *kav seva*, or holy war, had begun as planned. On the other hand, state and national governments said that the mosque was only slightly damaged.

If both sides are satisfied, officials in Mr. Singh's party said, it may be possible to find a permanent compromise on the issue. Some Muslims have suggested moving the mosque, which has not been considered an Islamic place of worship since Hindus installed their own idols 40 years ago.

The mosque was built in 1528 by the Mogul Emperor Babur over the site considered the birthplace of Rama, the hero of the epic Ramayana, a tale of the triumph of good over evil.

Violence in Bangladesh
 The dispute brought violence Wednesday to neighboring Bangladesh, an Islamic nation, where Muslim assailants attacked and set fire to temples and Hindu shops and homes after hearing of the situation in Ayodhya. The Associated Press reported from Dhaka.

Authorities ordered curfews in Dhaka, the capital, and the port city of Chittagong to curb rioting.

Witnesses said about 2,000 people rampaged through a residential district where Chittagong's largest temple is located and set fire to at least 300 Hindu homes. Police fired in the air and said they arrested 10 people.

U.S. Delays Israel Loans For Settlers

Jerusalem — The United States has delayed loan guarantees to build housing for Jewish immigrants in Israel after controversy over Israeli promises not to settle the immigrants on land won in the 1967 Middle East war.

Israeli officials said Wednesday that "unauthorized information" from Israel and technical delays were responsible for holding up the \$400 million in U.S. loan guarantees.

But five newspapers and Israeli Army radio said Secretary of State James A. Baker 3d had barred a U.S. team from going to Israel to work out details until he was assured that the immigrants would not settle in the occupied territories.

"Various questions have come up from information in Israel, unauthorized information, and I believe this thing has been resolved now," the Israeli ambassador to the United States, Zalman Shoval, said on Israeli radio.

The controversy erupted after Foreign Minister David Levy, to secure U.S. help, wrote in a letter to Mr. Baker on Oct. 2 that "the government of Israel's policy is not to direct or settle Jewish Jews beyond the Green Line," Israel's internationally recognized 1967 border.

WORLD BRIEFS

Pakistani Party Names Candidate

ISLAMABAD, Pakistan (Reuters) — The largest party in Pakistan's new National Assembly named Mian Nawaz Sharif as its candidate for prime minister Wednesday, virtually assuring he will head the next government.

The president of the Pakistan Muslim League, Mohammed Khan Junejo, said the party had chosen Mr. Sharif to be the leader of its parliamentary group. The party is the main component of the Islamic Democratic Alliance that defeated former Prime Minister Benazir Bhutto's Pakistan People's Party in elections last week. The formal election of the prime minister will take place when the assembly meets, probably next weekend.

Mr. Sharif, 41, is a protégé of former President Mohammed Zia ul-Haq and is a former chief minister of Punjab, Pakistan's most populous province.

Jurors Favored Barry, Judge Asserts

CAMBRIDGE, Massachusetts (WP) — The judge who presided over the drug trial of Mayor Marion S. Barry Jr. of Washington and sentenced him to six months in prison says he thinks four jurors were determined to acquit Mr. Barry from the start and misled the court about their objectivity.

The judge, Thomas P. Jackson of U.S. District Court, speaking at Harvard Law School, also said he was convinced Mr. Barry was guilty of perjury and other crimes. Judge Jackson said Tuesday that he had "never seen a stronger government case" than that against Mr. Barry, who was convicted on a misdemeanor charge of cocaine possession and acquitted on one count. The jury was unable to reach a verdict on 12 other counts.

The judge said some jurors "had their own agendas. They would not convict under any circumstances." He said that four jurors were determined to acquit and that they "obviously did not tell the truth" during jury selection when questioned about possible bias.

Supreme Soviet Assails Nuclear Test

MOSCOW (Reuters) — The Supreme Soviet joined growing protests on Wednesday over a Soviet nuclear test in the Arctic, saying its committees should have been notified beforehand.

The deputies passed a resolution that also noted the potential damage to Soviet relations with the countries of northern Europe because of concern for the region's fragile ecology and the health of its residents. "The nuclear explosion has complicated the development of cooperation between the U.S.S.R. and the countries of northern Europe in the sphere of joint measures to improve the environment of the north," the Tass press agency quoted the resolution as saying.

Local authorities protested in a telegram to President Mikhail S. Gorbachev against the test on Oct. 24 on the archipelago of Novaya Zemlya and demanded access to the closed area. Tass said Soviet officials repeated their contention that the test, the first in the Soviet Arctic in a year, was vital for defense interests and posed no ecological threat.

A Secret Shuttle Flight Is Delayed

CAPE CANAVERAL, Florida (AP) — The U.S. Air Force delayed on Wednesday the classified flight next week of the shuttle Atlantis because of problems with the spy satellite that was to have been lifted into orbit.

"Details are classified, and it is too early to predict a new launch date," the air force said. The air force described the problem as "anomalies discovered during cargo testing." A Pentagon spokesman in Washington, Captain Marty Houser, refused to say when the problem was detected and would not discuss any other details. Sources have said the satellite was to fly on Iraq.

Top NASA managers had set Nov. 9 as the Atlantis launching date. The shuttle was cleared for flight after a test last week found no dangerous hydrogen fuel leaks. A testing test on Tuesday had cleared the shuttle Columbia for a December astronomy mission. A NASA spokesman said it was too soon to know whether that mission would be affected by Atlantis's delay.

Wounded German Out of Hospital

REIBURG, Germany (Reuters) — Wolfgang Schäuble, the German interior minister, was released from the hospital on Wednesday and doctors said he might be regaining nerve functions damaged by a bullet wound in an arm. Mr. Schäuble's condition worsened in the first three days after his spine was struck by a bullet fired by an apparently deranged man on October 12. Neurosurgeons operated on the minister's back twice.

Doctors said there were now signs that the minister was regaining nerve functions in the lower half of his body. "There are first indications that the neurological deficiencies are improving," they said in a statement. There had been widespread fears that the bullet might have left Mr. Schäuble's legs paralyzed.

Hanghey Wins Vote of Confidence

DUBLIN (AP) — Prime Minister Charles Hanghey won a vote of confidence in Parliament on Wednesday, 83 to 80, against dismissing a cabinet minister who had been accused of lying about a government crisis eight years ago.

The minister accused was Brian Lenihan, who was deputy prime minister as well as defense minister. Mr. Lenihan was until recently the front-runner in Ireland's presidential election campaign. The six members of the Progressive Democrats, the junior partner in the government, voted with Mr. Hanghey on the confidence motion. They reportedly had demanded Mr. Lenihan's resignation or dismissal as the price of their support. The coalition government has only a one-vote majority.

Seoul Hesitant on Buying U.S. Jets

SEOUL (Reuters) — South Korea plans to buy about \$4 billion worth of F/A-18 fighter planes from McDonnell Douglas Corp. have been put in jeopardy by recent price rises by McDonnell, state-run radio and newspapers said.

McDonnell Douglas originally set the average price per plane at \$35 million. Citing inflation and inevitable rises in technology licensing, the company is now asking for \$50 million to \$60 million, Chosun Ilbo said.

TRAVEL UPDATE

On-the-spot fines in Rome for riding a bus without a pass or validated ticket will rise from 10,000 lire (\$9.50) to 50,000 lire. Boarding without a ticket is fairly common, with the cheaters banking on the hope that they will not be caught. Teams of inspectors who board buses to check that passengers have valid tickets are few and far between. Tickets cost 700 lire.

Tourists in South Africa were warned by the police Wednesday not to enter black townships unless accompanied by someone who knew the area. The warning was issued following the robbery and murder of an elderly New Zealand man in Soweto. (Reuters)

WEATHER

EUROPE				ASIA			
City	High	Low	Clouds	City	High	Low	Clouds
Amsterdam	13	5	bc	Bangkok	86	71	bc
Berlin	12	4	bc	Beijing	68	54	bc
Bombay	82	68	bc	Bombay	82	68	bc
Buenos Aires	78	64	bc	Buenos Aires	78	64	bc
Calcutta	82	68	bc	Calcutta	82	68	bc
Cairo	78	64	bc	Cairo	78	64	bc
Cardiff	12	4	bc	Cardiff	12	4	bc
Chennai	82	68	bc	Chennai	82	68	bc
Copenhagen	12	4	bc	Copenhagen	12	4	bc
Dallas	78	64	bc	Dallas	78	64	bc
Dhaka	82	68	bc	Dhaka	82	68	bc
Dublin	12	4	bc	Dublin	12	4	bc
Edinburgh	12	4	bc	Edinburgh	12	4	bc
Helsinki	12	4	bc	Helsinki	12	4	bc
Hong Kong	82	68	bc	Hong Kong	82	68	bc
London	12	4	bc	London	12	4	bc
Los Angeles	78	64	bc	Los Angeles	78	64	bc
Madrid	78	64	bc	Madrid	78	64	bc
Moscow	12	4	bc	Moscow	12	4	bc
Mumbai	82	68	bc	Mumbai	82	68	bc
New Delhi	82	68	bc	New Delhi	82	68	bc
New York	78	64	bc	New York	78	64	bc
Osaka	82	68	bc	Osaka	82	68	bc
Paris	12	4	bc	Paris	12	4	bc
Perth	12	4	bc	Perth	12	4	bc
Prague	12	4	bc	Prague	12	4	bc
Rangoon	82	68	bc	Rangoon	82	68	bc
Rio de Janeiro	78	64	bc	Rio de Janeiro	78	64	bc
Sao Paulo	78	64	bc	Sao Paulo	78	64	bc
Seoul	82	68	bc	Seoul	82	68	bc
Shanghai	82	68	bc	Shanghai	82	68	bc
Singapore	82	68	bc	Singapore	82	68	bc
Sydney	78	64	bc	Sydney	78	64	bc
Taipei	82	68	bc	Taipei	82	68	bc
Tokyo	82	68	bc	Tokyo	82	68	bc
Ulaanbaatar	12	4	bc	Ulaanbaatar	12	4	bc
Washington	78	64	bc	Washington	78	64	bc
Yokohama	82	68	bc	Yokohama	82	68	bc

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Lufthansa

Egypt Rejects Call By Gorbachev for Arab Talks on Gulf

Compiled by Our Staff From Dispatches

CAIRO — Egypt rejected on Wednesday Mikhail S. Gorbachev's call for an Arab summit meeting on the Gulf crisis.

"If we are going to call an Arab summit while there is no clear vision, it will be a summit of insults," President Hosni Mubarak said. "We reject summits of insults."

Mr. Mubarak said Mr. Gorbachev's special envoy, Yevgeni M. Primakov, had not reported anything emerging from his latest peace efforts.

Egypt, which has committed the largest Arab contingent to the multinational force confronting Iraq in the Gulf, has insisted that any Arab conference deal with an unconditional Iraqi withdrawal from Kuwait and restoration of the exiled Kuwaiti government.

In Baghdad, an Iraqi government spokesman said no arrangements were being made for an Arab meeting.

"There is nothing on an Arab meeting," he said. "There cannot be an Arab solution without the American forces leaving the Gulf."

The Arab world has been divided by the Iraqi invasion of Kuwait on Aug. 2. Algeria, Libya, Sudan, Yemen and the Palestine Liberation Organization have refused to back the U.S.-led force in the region.

Mr. Gorbachev said he had noted a slight change in Iraq's position after Mr. Primakov's talks with President Saddam Hussein in Iraq in Baghdad last weekend.

"We would like to ask if the Soviet envoy managed to reach something definite so that we can hold an Arab summit to discuss something specific," Mr. Mubarak said. "We have not been told of it."

Arabian Nafie, editor of al-Ahram, a semi-official newspaper in Cairo, said in Wednesday's edition that Mr. Gorbachev's call for an Arab summit was an attempt by Moscow to "cover the failure" of Mr. Primakov's talks.

Mr. Nafie said the Soviet Union was trying to "absolve itself of the responsibility for a solution, and to cast all the blame on new parties that have no key to the solution."

Mr. Mubarak sent his foreign minister, Esmat Abdel Meguid, to Jidda on Wednesday for talks with his Syrian and Saudi counterparts.

In London, meanwhile, the commander of British forces in the Gulf said his troops would be fully operational within two weeks and warned that a military attack against Iraq was increasingly likely.

The commander, Air Chief Marshal Sir Paddy Hume, said a joint British team formed from the air force, the navy and the army was working full-time developing plans for military strikes.

"I am sure we all hope it won't come to that, but Saddam Hussein seems reluctant at the moment to accept the judgment of world opinion," he said. "It is looking increasingly unlikely that Saddam Hussein will withdraw unconditionally from Kuwait."

In Baghdad, Iraq's information minister said that war might break out at any moment and that Iraqi armed forces were in absolute readiness.

"There are many signals that America is about to take a decision on war," information Minister Latif Jassim said at a news conference. "War may break out at any moment. You must know we are ready."

Mr. Hussein issued a similar warning on Tuesday.

When asked why there was no visible civil-defense preparedness in the capital, Mr. Jassim said, "In critical situations, it will change."

"Your position will also change," he told the reporters. "We will put you in shelters."

"Iraq will, however, not start the war," he added, "but we know America is making huge military exercises."

Asked what would happen to hundreds of foreigners being held by Iraq to deter an attack by the multinational force in the Gulf, Mr. Jassim said: "President Saddam Hussein has ordered that if we begin the guests should get into shelters first."

Later, an Information Ministry spokesman said Iraq was prepared to allow the families of American soldiers held in Iraq to visit during the Christmas and New Year's holidays. A statement by the official Iraqi press agency, INA, said that families of all Westerners held in Iraq would be permitted to visit for the holidays.

(Reuters, AP)

BUSH: He's 'Had It' With Iraq Brutality to Americans

(Continued from page 1)

have to be surrendered, with the expectation that the remaining diplomats would be moved to Baghdad by the Iraqi troops.

But with the passage of a United Nations resolution on Monday calling for the right of the embassy in Kuwait to be resupplied, administration officials have stepped up their rhetorical threats against the Iraqi president.

"The Kuwaiti embassy is being starved," Mr. Bush said. "The people out there are not being resupplied. The American flag is flying over the Kuwaiti embassy and our people inside are being starved by a brutal dictator."

"And do you think I'm concerned about it? You damned right I am. And what I'm going to do about it — let's just wait and see. Because I have had it with that kind of treatment of Americans and I know others feel that way."

An administration official sought to play down the implications of Mr. Bush's latest statements, suggesting that a combination of events — including the end of the long budget fight on Capitol Hill, the passage of the UN resolution, a tough speech on Monday by Secretary of State James A. Baker 3d — had brought the issue back to the top of the news.

"If you had taken any one incident, it would hardly have drawn a yawn," the official said.

But the official also said that the continuing release of foreign hostages from Iraq was providing the rest of the world with fresh "horror" stories about conditions there, and that, to some extent, the president was reacting to those.

Mr. Bush was coy with reporters on his intentions. Asked if the treatment of Americans could become the pretext for confrontation, he said no, that "you don't use pretext when you have force deployed."

He added, "You just do what's right."

He said he was neither impatient nor did he believe time was running out for the sanctions. But he said he

would view any effort by the Iraqis to block supply efforts of the embassy in Kuwait "very seriously," adding that "it would not be good for me to signal what I might or might not do."

■ **An Iraqi Hopes for Peace**

The Iraqi ambassador to Washington, Mohammed Sadiq Mashat, said at a news conference Wednesday that he hoped for a peaceful solution to the crisis, Reuters reported.

"We seek to avoid bloodshed," Mr. Mashat said.

"We'd like to establish good relations with the United States," he said, calling on U.S. leaders to "listen to the voices of reason" and not to heed those who are calling for a quick and devastating military strike.

At the same time, Mr. Mashat issued a copy of a memorandum that he said confirmed that the CIA had tried to undermine Iraq and serve Israeli expansionism before Baghdad invaded Kuwait. The CIA has said the document is false.

Officials in Damascus stressed that there was a separation between issues related to Israel and the Gulf, but that the newspaper of the ruling Ba'ath Party, suggest otherwise.

Whether such commentaries are meant to signal Washington that Syria would readily walk away from the anti-Iraq coalition to seek an Arab settlement or to underline the importance of Damascus in the coalition is not clear.

Fayez Sayegh, the editor in chief of the official Syrian press agency SANA, said the West had exploited the presence of Syrian soldiers in Saudi Arabia to its own advantage.

"Sometimes there is a convergence of interests with adversaries in certain points," he said. "This does not mean you have become one of your adversaries' tools."

The Syrian leadership is said to be extremely unhappy over the decision by the European Community to only partly lift sanctions against Damascus.

Officials have recently complained that although the Europeans are loosening sanctions over Iraq and China, the response to Syrian overtures is still relatively negative.

"The Syrians feel they are being shortchanged in the Western world," an ambassador based in Damascus said.

The lack of objections by other governments to Syria's recent intervention in Lebanon, however, has been widely interpreted as a payoff for Damascus's participation in the Gulf coalition.

STRATEGY: Bush's Tactics Playing to 2 Audiences

(Continued from page 1)

United States, Britain and others have beat the drums of war ever louder.

Senior American officials said the administration's strategy for the next few weeks was to "calibrate" a steady increase in pressure against Mr. Hussein.

"You don't want to shoot all your ammunition at once," said the State Department official. Mr. Baker's trip, which is planned as an effort to solidify the anti-Hussein coalition, will include meetings with the Soviet foreign minister, Eduard A. Shevardnadze, as well as visits to Saudi Arabia, Egypt, Turkey, France and Britain.

Charles Kupchan, assistant professor of politics at Princeton and author of a book on Gulf security, said the new allied pressure tactics were clearly designed to prepare for war while creating the maximum pressure for a peaceful solution if possible.

"There's no question if you are playing a game of brinkmanship you create the best possible position you can before you begin to negotiate," he said. "At this point, those negotiations are not going to pay off. The Russians have been trying to open a door and it hasn't succeeded."

"Possibly this is an attempt to turn the screw one more level," he said of the Pentagon decision to possibly deploy up to 100,000

troops and heavy armored divisions from Europe and elsewhere to join the more than 200,000 U.S. soldiers and sailors already in the Gulf region.

"But given the nature of the deployment, you can't see it only as that," Mr. Kupchan said. "There is clearly a move toward war-fighting. This is much more than deterrent posturing — you have a sufficient deterrent on the ground. I interpret that size deployment as something that clearly has the goal of upping the ante, not simply in bargaining but in firepower."

The administration activity comes as Mr. Hussein, more directly than before, is probing for weak links in the coalition's resolve.

Senior American officials were chastened this week when the Soviet president, Mikhail S. Gorbachev, suggested that an inter-Arab meeting be convened to resolve the crisis, just the kind of bargaining that officials believe could lead to incomplete compliance with the UN demands — thus, a defeat for Mr. Bush's goals. Last week, the American officials were similarly upset with a suggestion by the Saudi defense minister that territorial concessions were possible to get Mr. Hussein out of Kuwait.

The United States quickly asked Soviet officials for a clarification of Mr. Gorbachev's remark, while continuing to praise his cooperation. Separately, Soviet officials said Mr. Gorbachev was not trying

to create a crack in the alliance.

Senior American officials said they thought that France and the Soviet Union were staking out positions somewhat independent of the United States to preserve their longstanding relationships in the Middle East in the event of hostilities.

The officials said they had received from reports that the Soviet diplomatic mission by Yevgeni M. Primakov had produced no sign of a change in Mr. Hussein's attitude.

These officials said Mr. Hussein had rejected any settlement in line with the UN resolutions, and he had demanded new bargaining with Arab nations and an international peace conference linked to the Arab-Israeli conflict.

NATO Envoy Criticizes Lack of Allied Support

The Associated Press

BRUSSELS — The failure of most U.S. allies to send ground troops to the Gulf would be "a source of tension" were fighting to break out there, the U.S. representative to NATO said.

The representative, William E. Taft 4th, said the Western allies had common interests in the Gulf region and should do more to help, both with money and men.

SYRIA: Reconsidering

(Continued from page 1)

than the logistical problem of finding ships to transport them suggests, diplomats here maintain.

"I think it is a political decision, not a genuine lift problem," an ambassador said.

Syrian displeasure with U.S. approval of new military assistance to Israel, including two Patriot air-defense units, surface-to-surface missile systems, Apache helicopters and F-15 jet fighters has dominated Syrian news editorials and commentaries for a week.

"This unlimited support to Israel cannot serve peace or aim at bringing about peace," a Syrian official said in a news report last week, "but it reinforces aggression and occupation and encourages invasion and expansionism."

"Linkage of these emergency decisions to Iraq's stand on Kuwait is lacking as a persuasive argument and devoid of any logic," the official said.

Officials in Damascus stressed that there was a separation between issues related to Israel and the Gulf, but that the newspaper of the ruling Ba'ath Party, suggest otherwise.

Whether such commentaries are meant to signal Washington that Syria would readily walk away from the anti-Iraq coalition to seek an Arab settlement or to underline the importance of Damascus in the coalition is not clear.

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Officials have recently complained that although the Europeans are loosening sanctions over Iraq and China, the response to Syrian overtures is still relatively negative.

"The Syrians feel they are being shortchanged in the Western world," an ambassador based in Damascus said.

The lack of objections by other governments to Syria's recent intervention in Lebanon, however, has been widely interpreted as a payoff for Damascus's participation in the Gulf coalition.

Ship Death Toll in Gulf Rises to 10

Reuters

DHAHRAN, Saudi Arabia — At least 10 American sailors based by a steam leak on the assault ship USS Tripoli have died, a navy spokesman said on Wednesday.

Six sailors were killed immediately when a ruptured pipe sent steam as hot as 850 degrees Fahrenheit (455 degrees Centigrade) into the boiler room of the two-time sailing off Bahrain at the start of maneuvers. Four sailors injured in Tuesday's accident died of burns and steam inhalation during the night aboard the hospital ship Comfort, the spokesman said.

The death of a U.S. Marine in a car crash during night maneuvers took the death toll of Tuesday's accidents to 11. A total of 42 American servicemen have now died in accidents involving Operation Desert Shield in which more than 200,000 U.S. military personnel have been sent to Saudi Arabia and the Gulf region to counter the Iraqi buildup in Kuwait.

The most single accident occurred on Aug. 29 when a U.S. Air Force plane headed for the Gulf crashed in Ramstein, Germany, killing 13 servicemen.

Iraq Talks Hopeful, Soviet Aide Reports

By David Remnick

Washington Post Service

MOSCOW — Yevgeni M. Primakov, the Soviet Union's special envoy to the Middle East, said Wednesday that after meeting Saddam Hussein in Baghdad he felt the Iraqi leader was growing more open to a political resolution of the conflict.

Mr. Primakov said on Soviet television that "it seems to me" that Mr. Hussein now "is more inclined to a political solution."

Mr. Primakov said, "I think there are some signs on this issue," adding that there was "a difference" between Mr. Hussein's stance during their first meeting Oct. 5 and their second last Sunday. He did not go into any detail on what those shifts might entail.

Mr. Primakov conceded that his talks with Mr. Hussein "were not crowned with success." There had been rumors a breakthrough was at hand. But following their most recent discussion, Mr. Primakov and Mr. Hussein canceled plans for a follow-up meeting.

President Mikhail S. Gorbachev, Mr. Primakov and Foreign Minister Eduard A. Shevardnadze have pushed consistently for a negotiated settlement, no matter how prolonged. But all three have shown signs of frustration at Mr. Hussein's intransigence.

"We should keep our optimism at a minimum because not everything in this depends on us, unfortunately," Mr. Primakov said.

Kaifu Relaxes Troop Stance

Reuters

TOKYO — Prime Minister Toshiki Kaifu offered for the first time on Wednesday to compromise on his much criticized plan to send troops to the Gulf.

"We need an alternative suggestion from the opposition parties," Mr. Kaifu told the Diet, the Japanese parliament. "Then we can match the two plans together and seek a solution."

It was the first time that Mr. Kaifu has publicly relaxed his insistence that the bill allowing the deployment of 2,000 lightly armed troops be approved unmodified. The bill must be passed before the Diet's 30-day session ends Nov. 10.

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HEALTH / SCIENCE

The Curious Case Of Cold Fusion

How Did Claims Go So Far?

By William J. Broad
New York Times Service

LAST week the state of Utah found itself in an unenviable quandary. One of its star researchers, Dr. B. Stanley Pons, failed to appear before a review committee examining his cold fusion research, in which the state has invested \$5 million.

His announcement that fusion energy could be produced in a simple tabletop apparatus had electrified the scientific world, but 19 months later it remains unclear whether the work is valid.

Why have the conventional checking mechanisms of science apparently failed to resolve the issue decisively enough to put Utah out of its uncertainty?

It was in March 1989 that Dr. Pons and his British colleague, Dr. Martin Fleischmann, announced that they had created energy by fusing atoms at room temperature in a tabletop experiment.

Palladium rods in a jar of heavy water, they said, could produce great quantities of excess heat. The astonishing claim, and its promise of limitless cheap energy, immediately attracted the attention of the world's scientists.

The conventional checking mechanism of science swung into action as researchers around the world raced to duplicate the Utah experiment. There were a few tantalizing claims of confirmation but in each case researchers found they had committed experimental errors or misinterpretations, and eventually withdrew their claims.

The vast majority of scientists found no evidence of cold fusion. Federal panels reviewed the work and labeled it unconvincing. The physics community reluctantly abandoned the hope of perfecting a new, cheap, safe and virtually inexhaustible source of energy. The consensus verdict of science was plain: Cold fusion does not exist.

Among mainstream scientists, "it was defeated because so many people tried and failed to duplicate the process," said Dr. Melvin Kratzberg, a historian at the Georgia Institute of Technology.

That verdict was delivered at considerable expense but with reasonable rapidity. Yet it failed to stop Dr. Pons and Dr. Fleischmann in their tracks. They forged ahead regardless, making bold new claims and attracting new interest even as they dodged many aspects of formal scientific review in a game of cat and mouse.

Despite the lack of support from many other scientists, their claims convinced the Utah State Legislature to invest \$5 million in setting up an institute for their work. General Electric Co. entered into an information-sharing agreement with the state, which still exists but is not active.

The first apparent break in their momen-

tum came last week when they missed a critical meeting of the state's Fusion Energy Advisory Council.

Dr. Fleischmann is in England. Salt Lake City newspapers reported that Dr. Pons's home was up for sale and his phone was disconnected. Angry state officials extracted a promise from the absent twosome, via their lawyer, that at least one of them would appear in early November for an extraordinary review of their work by a panel of four outside experts.

How did matters get so far when the scientific process has already delivered its verdict? Dr. Richard L. Garwin, an eminent physicist and skeptic of cold fusion, said the work had been "kept afloat" through pure "zealotry."

But Dr. William Happer Jr., a Princeton University physicist who had reviewed the work and also found it wanting, said the situation was not so extraordinary.

"Sometimes it takes three or four years to sort these things out," Dr. Happer said. "Cold fusion will be here next year. It just won't die that easily, judging from history."

In the case of cold fusion, the originators have been able to persist with their claim by refusing to acknowledge the consensus verdict of their fellow scientists, and also by declining to cooperate in several instances with the conventional procedures of scientific review.

"When serious doubts were raised, they were not forthcoming with their data," said Dr. John Maddox, the editor of Nature, the British science journal. "That was a black mark."

In an interview, Dr. Fleischmann insisted that neither he nor Dr. Pons had defied the checking mechanisms of science, saying they had endeavored to be open whenever possible while still keeping some information secret for patent filings. Dr. Pons could not be reached for comment.

Even so, experts say these actions by the pair have shown a pattern of noncooperation with the scientific process throughout the saga.

THE PAPER. The initial announcement of cold fusion, on March 23, 1989, was greeted with skepticism by many researchers. It was made at a press conference with no scientific paper available to back the claims or to allow other researchers to assess the data and methods.

The next day, they sent off a paper to the British journal Nature. But when the journal's reviewers raised questions, the authors said they were too busy to respond and withdrew the paper. To those observers of the scientific process, that was a red flag indicating a serious departure from the norms of scientific behavior.

Dr. Maddox, Nature's editor, said he was already deeply suspicious at the time since some of the data the pair had presented in

The Rise and Fall of Cold Fusion

March 23, 1989: Dr. B. Stanley Pons and Dr. Martin Fleischmann announce room-temperature fusion reaction, promising cheap energy production.

April 10, 1989: Researchers at the Georgia Institute of Technology say they have duplicated key part of experiment, bolstering claim.

April 13, 1989: Georgia researchers retract report, saying their work was seriously flawed.

April 23, 1989: Scientists at the Brookhaven National Laboratory and Yale University announce that their experiments have failed to confirm the findings.

May 1, 1989: At a meeting of American Physical Society, scientists from five major institutions announce they have failed to validate claim.

May 9, 1989: Dr. Pons and Dr. Fleischmann assert at another science meeting that they have new evidence for bursts of energy.

May 23, 1989: Scientists at first Federal conference on cold fusion report they have failed to find key byproducts characteristic of fusion reactions.

June 29, 1989: The General Electric Company announces agreement to cooperate with University of Utah on cold fusion research.

July 12, 1989: A Federal panel says prospects of producing energy with cold fusion are so remote that no new Government laboratories should be built to study it.



Stanley Pons, left, and Martin Fleischmann

HEALTH Q&A

Malaria Still a World Problem

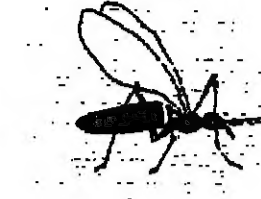
Could you please provide a world view of malaria for someone who has never seen or heard of a case? I am from Sweden.

In some countries, a mosquito bite represents no more than a mere inconvenience. However, in more than 100 tropical countries, mosquitoes can transmit malaria, one of the most ominous health problems of our age, often affecting the urinary traveler.

The incidence of clinical cases is estimated at 100 million annually out of the 260 million parasite carriers, of which 85 percent are thought to be in Africa alone. In numbers of cases reported to the World Health Organization, both India and China are in overall decline, with the rest of the world (except Africa, because of poor data collection) holding steady.

A 1987 report to WHO on the malaria situation in the world estimated that out of a world population of 5 billion, 1.7 billion live in endemic areas where transmission occurs regularly. Moreover, resistance to anti-malarial drugs continues to spread and only a few malarious countries have not yet been affected.

The traveler should consult a physician to get country-by-country malaria recommendations as



the health risk posed by travel should never be underestimated.

Are there any other bona fide potential medical uses — besides inducing abortion — of the French pill RU-486 that would enhance its acceptance on the world market?

Because progesterone is required for the maintenance of pregnancy, by blocking its receptor with a progesterone antagonist like RU-486 (mifepristone), in conjunction with an agent to induce uterine contractions, one can cause expulsions of the fetus, as do 30 to 40 percent of the French women who desire abortion every year.

RU-486 (RU stands for Roussel-Uclaf, the maker) was not invented for the express purpose of interrupting pregnancy. However, since its synthesis in 1980, its manufacturers have hoped that it would be accepted as a relatively inexpensive method to stem the overwhelming population growth in developing countries.

Other uses include: treatment of endometriosis (a hormone-dependent disease usually treated by hysterectomy, afflicting 10 percent of all premenopausal women), breast cancer (another hormone-dependent disease, the growth of which could be curbed in up to 20 percent), and as a labor enhancer (RU-486 helps to soften up and dilate, facilitating labor, in instances where the only other recourse is a Caesarian section), as well as potential uses in fibrocystic disease, PMS and uterine cancer.

In any event, despite the powerful anti-abortion forces, research on the drug must continue as its advent has furthered understanding of fertility and infertility.

Michael McGannon, M.D., will answer questions from readers every other Thursday. Please write to him at the International Herald Tribune, 181 Avenue Charles de Gaulle, 92521 Neuilly, France.

IN BRIEF

Using Radar to Find Victims of Murder

NEW YORK (NYT) — A scientist at Texas A&M University has devised a technique using radar for locating buried bodies, notably those of murder victims. For his body-hunting method, Dr. Robert Unterberger adapted a technique commonly used by geophysicists to explore underground mineral deposits.

"This nondestructive technique could assist police in finding graves of murder victims in an area where they have received tips one is located," Dr. Unterberger said. A special form of radio emission called ground-penetrating radar was used in the tests Dr. Unterberger conducted. This radar has been used in salt and potash mines to map mineral deposits in rock strata more than one mile underground.

In the radar's corpse-finding adaptation, Dr. Unterberger said, the radar echoes are affected by changes in the electrical conductivity of air in the soil, and this conductivity shows characteristic fluctuations when soil has been

disturbed, as is the case in recent burial sites. The radar echo does not detect the body itself but responds to disturbed soil.

Human Hair Grown in the Laboratory

LONDON (AP) — Human hair has been grown in a test tube for the first time, and the discovery could lead to a cure for baldness by the year 2000, a Cambridge University scientist says.

"This is the real thing," said Dr. Terence Kelsey, leader of the research team at the Department of Clinical Biochemistry. "We have for the first time succeeded in getting hair to grow in vitro."

The scientist stressed in a BBC radio interview that growing hairs in a test tube "is not in itself a cure for baldness," but it does provide the perfect arena for experiments.

Next, he said, is to find out why the normal "kickback" mechanism that triggers the growth of new hair when existing hair follicles come to the end of their normal growth cy-

Great Coral Migration in the South Pacific

NEW YORK (NYT) — Pumice erupting from undersea volcanoes 4,000 kilometers (2,500 miles) east of Australia act as a raft for corals from that area, providing a means of transport to the Great Barrier Reef, a researcher reported in the journal Nature.

The finding by Dr. Paul L. Jokiel, an assistant researcher at the Hawaii Institute of Marine Biology, challenges longstanding beliefs about the origin and dispersal of coral species in the South Pacific.

Coral larvae attach to the pebbles of pumice that periodically erupt from volcanoes in the Tonga-Kermadec trench, south of Fiji. The pebbles form fields that are carried by the prevailing currents to Australia, a journey which takes more than a year to complete.

Body Fat: Some of It Is Useful

By Natalie Angier
New York Times Service

FEW things in life are as vexing as the talent that fat has for gathering in unguilty pockets and pouches at particular spots around the body: flapping on the thighs, bulging from the belly, flapping from the triceps.

But disconcerting though such deposits are, they may simply be the price people pay for being mammals. In a rash of new studies comparing human fat tissue with that of other mammals, researchers have found that, even in the leanest wild mammals, fat tends to be distributed in similar locations around the body.

From dissection of many species, researchers have discovered that fat distribution under the skin and around internal organs is far from continuous or uniform, as had long been believed. Instead, nearly all mammals, squirrels, badgers, deer, wolves, camels or humans, tend to store fat in the same discrete hot spots.

The relative amounts vary from one beast to another, but whatever the species, fat deposits collect in the breast area, around the upper part of the front legs (the upper arms of humans), on the tailbone and around the thighs, in three to eight regions of the abdomen and at the back of the neck.

In many mammals, a surprisingly sizable glob of fat surrounds the heart, a discovery that contradicts current notions that fat near the heart is a pathological condition largely confined to humans.

Researchers have also learned that the body's fat cells, or adipose tissue, is far more biochemically diverse than imagined and displays notably different properties depending on its location in the body. Some deposits are efficient at absorbing lipids, or fat molecules, from the bloodstream, while other deposits are primed to

release lipids as fuel for neighboring tissue. The different fat deposits "may really be thought of as substantially different organs," said Dr. M.R.C. Greenwood, professor of nutrition and internal medicine at the University of California at Davis.

Scientists hope their studies will yield new insights into human obesity, including a better understanding of why women are generally chubbier than men, and why people who gain

Scientists hope to convince people that all fat is not created equal, nor is all fat equally bad.

pounds around the midriff are at a higher risk for cardiovascular disease than are those who gain in the thighs and buttocks.

Other researchers are comparing the enzymes used by various mammals to synthesize, process and store fat molecules. Of particular interest is an enzyme, lipoprotein lipase, which plays a lead role in extracting fatty acids after a meal and storing them in fat cells.

Lipoprotein lipase has been detected in nearly every species examined, and it is more abundant in females than in males, probably to aid females to store fat easily for pregnancy. The regulation of that and other enzymes may explain why bears, woodchucks and other animals can become exceedingly stout each year before hibernating or fasting without suffering the ill effects of obesity often seen in humans, like high blood pressure, clogged arteries and diabetes.

"A polar bear can eat so much seal blubber that the fat in its blood would instantly kill a

dog or a rabbit," said Dr. G. Edgar Folk Jr., a professor of physiology at the University of Iowa in Iowa City. "But despite that high fat, it doesn't get clogged vessels or a fatty liver. It manages to use fat as an energy source without getting into trouble."

At the most, the new understanding could suggest better treatments for obesity. At the least, scientists hope to convince people that all fat is not created equal, nor is all fat equally bad.

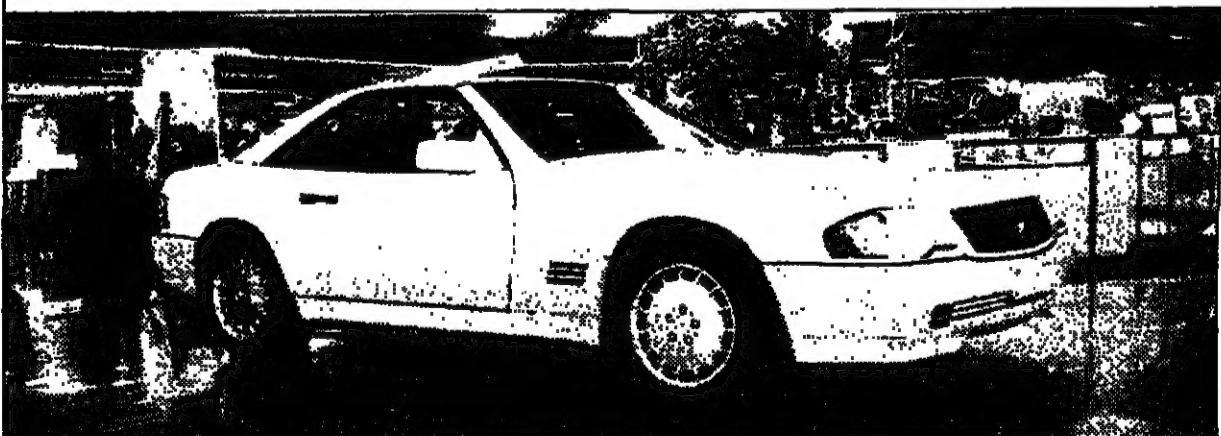
"The biological literature has been amazingly sparse about fat in wild animals," says Dr. Caroline M. Pond of the Open University in Milton Keynes, England. "But a number of wild animals are fat and proud of it, and we're finally getting the facts about how that fatness is controlled."

Whatever its biochemical peculiarities, the bottom line of fat for animals is to serve as a handy store of energy in hard times. Fat in the diet is almost effortlessly converted into fat on the body. Fat molecules provide the fuel creatures need to function, and because their chemistry allows them to merge and separate easily, they are the best form of stored fuel.

When the digestive system converts consumed fat into storable fat, it spends only 2 percent of the fat molecules' inherent energy in the process, allowing the rest to be dropped off in fat cells. What is more, the adipose tissue that stores fat molecules for future use can expand almost indefinitely, a property shared by no other organ save the skin. Part of that flexibility results from the nature of the fat cells that make up adipose tissue. Individual fat cells can balloon up to 10 times or more their original size.

After a while, should the fat in the diet prove too great for existing fat cells to sop up, the body will propagate new ones, and those fat cells never die. When a person loses weight, fat cells will shrink, but they lie in wait for the next fatty feasting.

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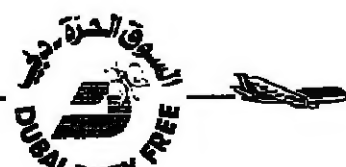
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- 1 A TV anchor
- 7 Winner over Ford: 1976
- 13 Make desolate
- 14 More observant
- 16 Disconcerted
- 17 Necklace of diamonds
- 18 High priest
- 19 Anchoite
- 21 St. Louis was one

DOWN

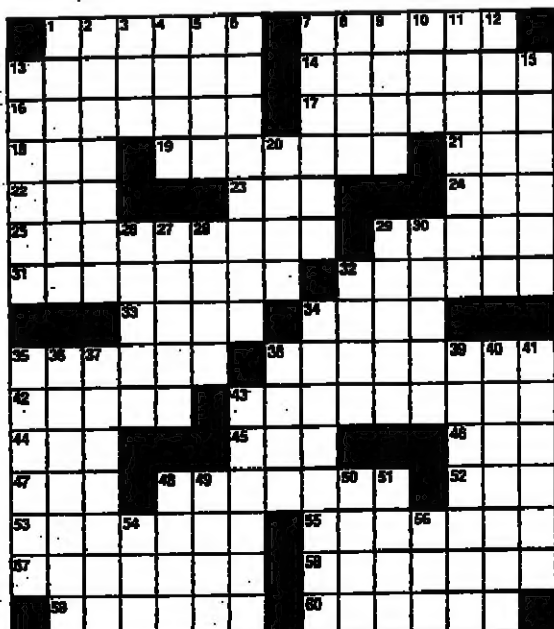
- 22 Existed
- 23 Flipper
- 24 Sister
- 25 Wreath maker's activity
- 26 Outpouring
- 31 Sonorous
- 32 Good doctor
- 33 Dole
- 34 Egyptian Christian
- 35 — dozen (13)

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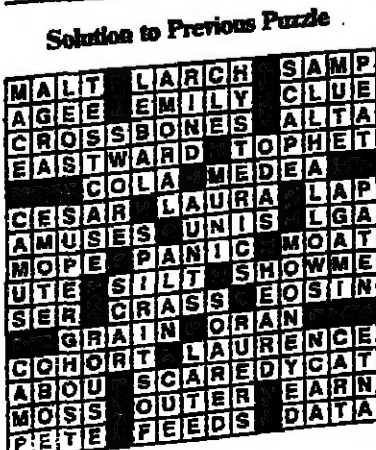
- 36 Haymarket mecca
- 37 Don't exist
- 38 Most macabre
- 39 Acuff or Rogers
- 40 Author Deighton
- 41 Jeff Davis's gov't
- 42 Coiled hair knot
- 43 Posture
- 44 Gamb
- 45 Recondite state
- 46 Scrutinize
- 47 Cortage
- 48 Compared
- 49 Planting implement
- 50 Fence straddlers

DOWN

- 51 Liner's course
- 52 West and Copley
- 53 Moist
- 54 Where Bush played baseball
- 55 Always
- 56 Expound again
- 57 Tiller
- 58 Church areas around altars
- 59 Miller or Red
- 60 Inches
- 61 Kind of address
- 62 Adolescent



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Herald Tribune

Published With The New York Times and The Washington Post

A Message for Belgrade

How many countries will there be in Europe after 1992? Seven, according to the bitter gibe circulating in Croatia: the European Community and the six republics that now make up Yugoslavia.

It's no joke. Things could turn out that way if Slobodan Milosevic and his Communist cohorts in Serbia continue to hold back constitutional and economic change and stir up ethnic tension.

Ever since Slovenia and Croatia elected non-Communist governments and moved to free the economy, Mr. Milosevic has accused them of trying to break up Yugoslavia. Slovenia and Croatia deny any separatist intent but want to turn Yugoslavia into a loose confederation of sovereign republics. That would weaken the power of the Serbs, who dominate Yugoslavia's bureaucracy and army.

Behind the constitutional crisis lurks a threat of civil war. The United States and its European allies could best use their influence by telling Serbia that any attempt to settle the constitutional question by force will lead to a cutoff of aid and contact, and will bar Yugoslavia's way into Europe.

Looking backward, Yugoslavia sets plenty of reasons for renewed national strife. Croatia's Serbian minority, about 11 percent of its 4.7 million inhabitants, recall that in World War II, the last time Croatia was an independent state, Serbs by the thousands were slaughtered. As many as 350,000 lost their lives at the hands of the Ustashi, Croatia's homegrown fascists. In

1945 the Partisans took their revenge, massacring 100,000 Croats, not all of them Ustashi sympathizers.

Serbian extremists in Croatia successfully play on these historic fears. They have declared their autonomy from Croatia and threatened to form paramilitary groups to defend Serbs if the government in Belgrade does not. When Croats moved to confiscate their arms, Serbs blocked roads and rail lines. Croatian officials fear that their attempts to restore order could serve as a pretext for the Serb-dominated Yugoslav army to intervene.

Only pluralism and prosperity can contain Yugoslavia's national differences. But Serbia has yet to hold democratic elections. It shows contempt for other nationalities by cracking down on the province of Kosovo. And it shies away from freer markets that could shake the economy out of its lassitude. Yugoslavia's best hope lies in moving forward into Europe, but if Belgrade resorts to force, the door to Europe will slam shut. That is a firm message for the European Community to send now.

Washington can underscore that warning with one of its own. Any more violence means no more aid. But it would be rash to cut off U.S. aid now, as Senator Alfonse D'Amato has proposed. That would exacerbate Yugoslavia's economic distress — and national passions. Still, Yugoslavia is on notice that aid is in jeopardy unless democratic change is allowed to proceed in peace.

—THE NEW YORK TIMES

Steps Against Poverty

Youngsters born into poverty are not truly born equal, but America is now on the way to reducing that tragic inequality.

Legislation just enacted by the 101st Congress will give poor children, and their parents, a better, healthier life. As much as the members of this Congress were abused as morons, clowns and incompetents, they leave behind a monumental triumph in the ending war on poverty.

Take Congress's thoughtful approach to medical care, for instance. By 2003, all poor children through the age of 18 will be covered by federal Medicaid health insurance. The limit, which is now 6, will rise by one year annually. The gain to children is obvious, but there is also a gain for their mothers and for society. It is an inducement to poor women who have been discouraged from getting a job and going off welfare because heretofore that meant losing Medicaid benefits.

It is going to be easier for the working poor to buy health insurance for the children, too. Congress established a tax credit for the costs of premiums on private health insurance that covers children in low-income families. And the Childhood Immunization Program received a sizable increase over 1990's \$156 million.

In separate, equally dramatic legislation, Congress improved Head Start. This program, now in its 26th year, offers a remarkable testament to the effectiveness of early childhood education, but it has been able to admit only about 25 percent of the eligible children. Not any more, Congress approved a 26 percent expansion in funding, making it possible to enroll 40 percent of eligible

children. More dramatic still, the legislation authorizes funds making it possible to enroll every eligible child in America by 1994.

Above all, Congress has now enacted child care legislation that is not only a boon for the working poor but also a long overdue response to the new realities of American life. The measure, for which several members of Congress and Senator Christopher Dodd in particular labored for four hard years, sets up two grant programs to subsidize state child care programs.

The Child Care and Development Block Grant, which spends \$2.5 billion over three years, gives states discretion to subsidize child care for working parents regardless of income but with the recommendation that the money go to low-income families. The states are also required to establish minimal health, safety, registration and quality standards. Church-run day care centers will be eligible for the federal subsidies, through a voucher system.

A smaller program, Entitlement Funding for Child Care Services, enables the states to give money to families who are already on welfare or about to be because they can't buy child care.

All this is complemented by a highly constructive expansion of the Earned Income Tax Credit for poor working families with children. The tax credit is refundable, meaning that those whose credits add up to more than the tax they owe will be paid the difference in cash.

This 101st Congress was disputatious, but its work for the neediest Americans was a triumph.

—THE NEW YORK TIMES

No Reform for Chicago

Chicago's commodity exchanges urgently and obviously need reform, but it will not happen this year. There is a bill to impose new and better rules on trading in financial futures, but it is locked all summer in a quagmire over different versions, and the eventual compromise came too late. The Treasury Department and some of the bill's sponsors tried frantically to get a vote on it, but without success. The chairman of the Senate Agriculture Committee, Patrick Leahy, delivered a bitter funeral oration: "It is an embarrassment to this chamber and to President Bush's administration that we have not enacted this bill into law."

You would think that the case for reform was more than sufficiently clear. Early last year an FBI sting operation produced evidence of widespread corruption in both the Chicago Board of Trade and the Chicago Mercantile Exchange. So far 48 people have been indicted. There was another upheaval the following summer when an Italian trading company apparently tried to corner the market in soybeans. Several months later one of the Mercantile Exchange's directors, former Senator Thomas F. Eagleton, resigned accusing the exchange of interfering, in still another case, with a federal investigation of fraud. Last summer the chairman of the Board of Trade resigned, and the firm

he led went into liquidation after federal regulators charged it with misusing funds.

Senator Leahy's committee had worked out legislation to improve the operation of those exchanges, but the Treasury had a further objective. Unlike the Agriculture Committee, it was worried about the way that the futures markets affect the stability of the stock markets. Loosely regulated trading in financial futures bears a significant part of the blame for the 1987 stock market crash, and the Treasury wants them brought under the same policeman — the Securities and Exchange Commission — that oversees the stock markets. That has set off a turf war with a rival agency, the Commodity Futures Trading Commission. Behind that struggle lies a larger one between the Chicago markets, trying desperately to keep their hold on the rapidly growing business in financial futures, and the New York markets, trying to get a bigger share of it. The result has been a stalemate.

"The public sits in the middle," Senator Leahy observed, "and gasps at the absurdity of important reforms being killed in the cross fire." Meanwhile, trading in financial futures continues on a gigantic scale under laws that are demonstrably inadequate to protect the public.

—THE WASHINGTON POST

Other Comment

This Summit Was a Disgrace

This summit [of the European Community in Rome last weekend] was a disgrace. Challenged to resolve the chaos of farm prices in advance of the GATT round, members decided instead to bring forward a debate on economic union scheduled for December. In doing so, they almost casually accepted a 1994 date for a new central bank, to be followed by a single currency and the surrender of national control of economic policy. While few members ex-

pect actually to go along with such a union come any day, anything was clearly better than talking about farm prices.

Such procedural anarchy is a measure of the shambles of the current Italian presidency of the European Community — and of the EC's way of doing, or not doing, urgent business. This is not the executive decisiveness of Europe PLC, more the last days of the Austro-Hungarian empire, seizing ever more power to the center but careless of what to do with it.

—The Times (London)

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Afghans Should Approve Gorbachev's Peace Prize

By Diego Cordovez

The writer is the foreign minister of Ecuador. As United Nations mediator, he negotiated the Soviet withdrawal from Afghanistan.

QUITO, Ecuador — Mikhail Gorbachev's road to the Nobel Peace Prize started in Afghanistan. I recall vividly that a few weeks after he became the leader of the Kremlin, a senior Soviet diplomat, walking in the garden of the state guest house in which I was staying in Kabul, told me that his government had decided as a priority objective to extricate the Soviet Union from the Afghan conflict.

In subsequent discussions it became obvious to me that Mr. Gorbachev felt that the withdrawal of troops from Afghanistan was essential to establish his credibility in the process that he was to set in motion to bring about dramatic changes in the relationship between East and West.

The Geneva negotiations were at that point badly deadlocked. "Those were the days when you were a very lonely man with a 'draft agreement' in a world dominated by cynics,"

a friend said in a letter not long ago. I therefore encountered many difficulties in my efforts to convince my American and Pakistani interlocutors that there was a significant change of attitude in the Soviet government.

The fact that what I had been told during the conversation in Kabul meant that the Soviets were prepared to accept a time frame for the withdrawal of their forces — which was the overriding condition of the United States — was noted with deep skepticism. The subsequent replacement of Andrei Gromyko, a hard-liner on Afghanistan, did not seem to make an impression.



Better to Leave Doors Open for Compromise in the Gulf Crisis

By William Pfaff

PARIS — Saddam Hussein seems determined to reject any compromise that might save his people from war, while George Bush is talking in a way that could make that war worse than it might otherwise be.

There has been no lack of efforts to find a compromise. Even Saudi Arabia briefly floated a proposal, which Iraq gave back most of Kuwait and negotiate with the Arab League and Kuwait's rulers for the rest — a part of the Rumaila oil field, which the two countries share, strategic islands, improved access to the sea, financial settlements.

Latest is Mikhail Gorbachev, whose envoy, Yevgeny Primakov, was in Baghdad again last weekend. Mr. Gorbachev suggests a new Arab diplomatic initiative. But Saddam Hussein, while professing willing to talk, is unwilling to yield. His latest suggestion is that he give up all of the hostages he still holds in exchange for a promise that the United States and the United Nations will not attack Iraq. That simply means: Heads I win, tails you lose.

It is quite possible that he misunderstands the full implications of his intransigence. His horizons have always been Iraqi and Arab.

Middle Eastern politics and negotiation are characteristically tortuous and indirect. In that respect Mr. Bush is the worst man to go against him — bluff, unskillful, moralizing, righteously, constantly comparing what is happening to World War II, when the West stood up to evil men and taught them a lesson about democracies pro-

voled to wrath. It was his message again at Hickam Field in Hawaii on Sunday. "Appeasement only leads to new aggressions." Actually, historically speaking, yes and no.

The repeated comparison of Saddam Hussein to Hitler is not a useful one. Hitler was driven by an uncomprehensible ideology that envisaged a European empire ruled by Aryans, "cleansed" of its allegedly inferior races. Germany at the time was the world's second most powerful industrial nation, possessing world-leading technology. By the first year of the war it disposed of all the manufacturing capacity of Central Europe, plus that of France, Belgium and the Netherlands, together with access to the resources of the

Balkans and Scandinavia. Saddam Hussein is simply another Third World dictator, of a notable but by no means unusual brutality.

He is no worse in that respect than the West's new ally, Hafez Assad of Syria, merely more daring. His ideology is national aggrandizement. His Arab Renaissance, or Ba'ath, Party is committed to Arab unification, an "Arab nation," but has never been able to do anything serious about it. The party itself is split into two camps: one of deadly mutual enmity. He preaches conquest of Israel, but so do most Arab politicians.

His country is backward industrially, with a gross domestic product of some \$39 billion — well under half the industrial product of Belgium. If Belgium threw up a brutal and ambitious dictator, would

Washington dispatch a quarter of a million men to hold it in check? Belgium at least has a sophisticated armaments industry. Iraq would like to create one, but its famous rockets and poison gas plants all were bought abroad. Its planes, tanks, radar, missiles — all come from the obliging governments or merchants of the Soviet Union, the United States, France, West Germany, Britain, China. One presumes that if Saddam Hussein were somehow to survive this affair, we would not all resume our deliveries.

The Western powers have, for years maintained a generally successful blockade of high-technology exports to the Warsaw Pact. One would think that they could in the future manage the same thing with respect to Iraq. If this is so, the demand that Western countries not do it is a demand that we should not stop Saddam Hussein, the Middle East and even Europe will be at his mercy, even more, rather than his force.

The reason Mr. Bush's comparisons with Hitler are dangerous is that they imply that the American goal is unconditional surrender. Is it? If the allies will accept nothing less than Saddam Hussein's head on a platter, a great many Iraqis, and Americans, presumably will die before delivery is obtained.

Moreover, not all the allies in the grand coalition are prepared to demand unconditional surrender at any price. If the United States finds the alliance dividing on this issue, things could become very difficult. The choice then might be war without regional allies, or a forced American climb-down, leaving Saddam Hussein strengthened.

The way to prevent that is for Washington to limit its public commitment to the all but universally agreed objective of unconditional Iraqi withdrawal from Kuwait.

Washington should avoid public commitment to objectives that the United States is unlikely, by itself, to be able to achieve at a cost that the American public is prepared to accept. (A recent Roper poll showed less than half the American public in favor of an attack on Iraq's war-making capacity, or on the Iraqi president himself, if he yielded Kuwait. On the other hand, 59 percent thought that the United States should not settle for a partial Iraqi withdrawal from Kuwait.)

Even war usually ends in compromise, as the Koreans and Vietnamese did — or were supposed to have done. A halt in the Gulf crisis short of war is going to involve a compromise of some kind — the violently cathartic one — is always seductive. It won't work here, for Saddam Hussein is not the cause of the Middle East's crisis but merely one of its results.

International Herald Tribune
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Deal With Both the Soviet Center and the Parts

By Flora Lewis

PARIS — Only this summer in Houston, the seven major industrial countries were arguing whether to rush help to Mikhail Gorbachev's distressed economy or wait for reforms. The question has already shifted. The seven commissioned a big study, led by the International Monetary Fund, on what the Soviets need. The study has not been completed, but word is already out that it is going to be irrelevant.

Disintegration of the Soviet Union as a state, along with its economy, is going so fast that the chicken-and-egg issue, aid first to enable reforms or reforms first to justify aid, has been overtaken. The West must now judge how far it is desirable to try to support some kind of unified Soviet state and how far it is possible.

Mikhail Gorbachev visited Madrid and Paris last weekend, collecting \$1.5 billion from Spain and \$1 billion from France in promised commercial credits, tied to local exports. It was not quite the spirit of the Soviet cartoon republished in Le Monde, showing a stocky, balding figure in black glasses fiddling disconsolately for slims on a broken hammer and sickle. But that was the mood. At a press conference, a Soviet newsman challenged Mr. Gorbachev whether he ought to be traveling at all given conditions back home.

There is a spreading sense, in Europe at least, that emergency food aid to the Soviets may be necessary this winter just to keep things going. In Spain, Mr. Gorbachev spoke of fears of "chaos" and an "irreparable catastrophe," but insisted that his country was simply going through a historic "transition."

But in Paris he also insisted that "after all the

horrors of October" (meaning the aftermath of the Bolshevik revolution), his people "still hold to socialism." Yet he also said "we are leaving behind the utopian idea," and he signed a treaty with France pledging a market-based economy.

This mishmash is well reflected in the hedge-podge reform program he forced through with his new powers. Evidently his ambivalence is not just tactics. He is not sure what to do. "I'm deeply convinced of socialist ideas," he said in Paris. "We're not looking for foreign models."

So be it. There are many versions of capitalism and social democracy in the West, and no reason to proclaim any one of them best for the Soviets. Nor, when it looks in the mirror these days, can the United States claim to be the paragon.

The economic test for investing in Mr. Gorbachev's uncertain vision should be whether it is likely to be seriously productive, leading to an economy capable of healthy partnership, not whether we approve of his precepts. In any case, private money, which must be the major share, will not flow on other terms.

But the West faces a bigger decision now on what kind of regime or regimes it wants to see emerge in the Soviet Union. In theory, it can make a substantial difference, recognizing republics that proclaim independence, dealing directly with those claiming sovereignty or autonomy, or sticking exclusively with Moscow.

On issues of defense and foreign policy, such as the Gulf crisis, there is no choice. Russia's Boris

Yeltsin cannot help President George Bush with missile treaties and Iraq. Mr. Gorbachev represents state authority. But that could be dramatically undermined if foreign governments develop exclusive political ties with the challenges.

That is why it was shortsighted, earlier this year, when some urged diplomatic relations with Lithuania for emotional reasons.

What would a complete Soviet breakup mean to the rest of the world? Certainly, no more colossus. But what would be the chances of a system of fairly stable states, maybe a dozen or maybe as many as 20 or 30? Could they keep peace with each other, or if they started to fight, which is more likely, would their wars spill over and drag in others, spreading a vast new source of disorder?

The French expert Hélène Carrère d'Encausse estimates that there are 60 million "displaced" Soviets, people who live outside the regions of their ethnic identity. Many have already started to panic and flee. There are no easy ways to dismantle this jigsaw empire.

Constitutional reform and patient negotiation are urgent, and have scarcely begun. Economic distress makes it harder. The West has a long stake in the results.

It will take time-finding to prod the many players now involved to work out new relations without provoking sharper internal conflict, but that is necessary. The West will have to deal both with the center and with the parts. The aim is neither to help Mr. Gorbachev preserve the Soviet Union nor to destroy it, but to enable its heirs to take their rightful place in a peaceful world.

The New York Times

Television Would Do Well to Keep Paley in Mind

By Tom Shales

WASHINGTON — William Paley clung to his enthusiasm for broadcasting even when broadcasting seemed to lose its enthusiasm for him. At CBS Inc. in recent years, the founder and chairman would sometimes be referred to derisively, as if he were a crusty relic from some other age. He was from some other age. A better one.

Mr. Paley, 89, died on Friday just as another evening of prime time ended in America. The enormous broadcasting apparatus that he helped put into place continued to churn on without him, pumping news and entertainment and commercials for wash day miracles into millions of American homes.

Will he be remembered? The more he is remembered, the better for television and the people who watch it, because in an old-fashioned way he stood for something, he really did. He had a sense of responsibility to the audience and to the culture, not just to the sponsor.

He knew that a network had to put on a certain amount of frivolous drivel to stay in business, but by God, at CBS it was going to be the best frivolous drivel money could buy. At the same time, he understood why as many quality things as he could, and for the most part gave journalists in the news division free hand to report the real world with brutal and edifying honesty.

For a good long time, CBS entertainment and CBS News were the best in the country, and maybe the

world. Mr. Paley helped invent American broadcasting. It seems to be going through a creative period right now. Where fast-paced producers and solid citizens like William Paley once blazed trails, glorified accountants and sleazy cable operators now rake in quick bucks. You'd have a hard time forging a gentleman's agreement these days because so many of the gentlemen are gone.

CBS tried to deliver the news of Mr. Paley's demise with a smile. What on earth is there to be smiling about? Two bumbling anchors on the tacky new CBS News program "America Tonight" introduced a prepackaged ordinary with dopey grins on their faces. Maybe they are so young that "Mr. Paley" is just a distant historical figure to them.

On the CBS News program "Sunday Morning," only one man, the veteran (and retired) correspondent Eric Sevareid, dared to inject a note of sober reality, recalling a society event of a few years back at which Mr. Paley said to him, "Eric, I want you back on the air."

Somewhat sheepishly, Mr. Paley followed that command with, "I suppose if I suggest it, they won't do it." Mr. Paley's aside made him "sad," Mr. Sevareid said, because it reflected "his loss of power, of prestige, the degree of authority which by that time had slipped away from him in his old age and with the change in management."

In person, whatever the fate of the kingdom at that moment, he had a wily, usually sunny. His often spoke of broadcasting as providing "fun," both for the audience and for him.

Mr. Paley became legendary in later years at the company for his reluctance to appoint a successor, and a parade of executives came and went, sailing out the window under lavish golden parachutes. And then, in the '80s, CBS itself began to be dismantled, and Mr. Paley had no choice but to entrust the legacy to others, lesser hands.

In a statement, the president of CBS, Laurence A. Tisch said on Sunday: "I speak for everyone at CBS when I say that while we mourn his passing, we are privileged to have worked in his presence and been shaped by his vision." The negating feeling is that there is more than Bill Paley to be mourned.

The plaques will go up at CBS as they did for Edward R. Murrow. Some words will be inscribed on walls. One of Mr. Paley's pet projects, New York's Museum of Broadcasting, will be one of many lasting memorials. The question is how much of the Paley spirit will be kept alive.

Whether CBS will ever regain the success and prestige it knew under Bill Paley is doubtful. The three-network era has ended ignominiously, and the Great Audience is scattered and has fragmented into splinter groups.

About the most one can hope for

CBS is that people will stop in those hallways, and read those plaques, and get some idea of what it was like in the days of Paley glory — days when you could't win much higher than to carry favor with the boss.

The Washington Post

100, 75 AND 50 YEARS AGO

1890: Hops Populi

VIENNA — Vienna has been afflicted by rumors that the brewers are conspiring to raise the price of beer. In view of this cruel blow Herr Schmidt, a member of the Town Council, has moved that the municipality should erect a communal brewery "in order to protect the Viennese against unscrupulous speculation."

1915: Bernhard Tour

PARIS — Mme. Sarah Bernhardt, who recently arrived in Paris to rehearse her new play, has announced that she will leave on Dec. 25 for her postponed American tour. Though the great actress had just come from the theatre fatigued from the daily rehearsals, she received a Herald correspondent at her home, in the boulevard Poissonnière, and talked at length of her trip to America. "I do not know yet exactly what my repertoire will be," said Mme. Bernhardt. "I may give 'Les Catherinettes,' a new play in verse

by Eugene Morand, with music by Gabriel Fauré. The fact that many of the men of my supporting company are fighting for their country and four have already been killed will necessarily limit my repertoire. It is almost impossible to find a leading man."

1940: America Accused

TOKYO — The United States is making war preparations in the Far East aimed at Japan, the newspaper "Nichi Nichi" charged this morning [Nov. 1] in a long article under a Shanghai dateline. Telling of moves on the part of the United States which have aroused Japanese suspicions, the newspaper said these revealed "an increasingly aggressive attitude" on the part of America. "Nichi Nichi" observed a whole series of moves which, it said, it believed "exceed the proportions of a flirtatious act, that appear to be plunging the United States into war against Japan."

From the New York edition of the New York Herald Tribune

OPINION

The President Has Reason To Find Things Confusing

By George F. Will

WASHINGTON — George Bush is reeling around the ring, groggy from a devastating flurry of hooks to his solar plexus and uppercuts to his chin, punches thrown by himself. But before concluding that he is ripe for a knockout in 1992, remember what made him president.

In one word, it was: Dukakis. In nine words: the Democrats' combination of moral smugness and intellectual felonies. This mix is on display today.

Unaccustomed to success, and incited by it, and constraining Mr. Bush's prattles as proof of their cleverness, Democrats are trumpeting three ideas that do not stand scrutiny.

that do not stand scrutiny. At least not scrutiny of the sort administered by the House Wednesday Group, a by-invitation association of 39 Republicans, in collaboration with Republicans on the Ways and Means Committee.

They are generally moderate conservatives. They are chaired by Ohio's Representative Bill Gradison, who represents Cincinnati, and they dispose of the Democrats' ideas as briskly as the Reds disposed of the Athletics. Mr. Gradison's people prove that there is a better defense of the Republican record in the 1980s than the current Republican president has managed to make.

The Democrats' first idea is that the huge deficits are the results of the 1981 Reagan tax cuts. Actually, revenues were \$1.1 trillion more in the 1980s (in constant 1990 dollars) than they would have been if the 1980 federal tax collections had been changed only to reflect inflation. Federal revenues in 1990 are more than one-third higher in real terms than in 1980.

Revenues in 1990 will be more than 19 percent of GNP for the fourth consecutive year. This is the first time in history, including the "garrison state" years of 1942-1945, that the tax take has been so high for so long. (Federal receipts for 1941-1946 as a percentage of GNP were 7.7, 10.3, 13.7, 21.7, 21.3, 18.5.)

The Democrats' second idea is that federal spending, especially for social programs, was slashed in the 1980s. Actually there was dramatic growth, including spending for social programs.

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If spending had not increased over 1980 levels, it would have been \$1.9 trillion less than it actually was. Spending increased by one-third in real terms. Of the \$1.9 trillion, about 46 percent went to Social Security, Medicare, income security and health programs.

The Democrats' third idea is that rich families got extraordinary breaks while poor and middle-class families were saddled with a heavier burden of the nation's taxes. It is true that effective tax rates for the rich were cut (from 27.3 percent to 25.8) while rates for the bottom fifth rose (from 8.4 to 9.7 percent) and the rates of the next two-fifths also rose (from 15.7 to 16.7 percent and 20 to 20.3 percent). But the rich (the top fifth) today pay 58.1 percent of all federal tax revenues, up from 55.7 percent in 1980. And every income group other than the top fifth pays a smaller or equal share.

In 1980 the top fifth paid 35 times the total paid by the lowest fifth. Today they pay 36 times. Today, as in 1980, the lowest fifth pay just 1.6 percent of the federal revenues.

After the Reagan cuts of income tax rates in 1981, there were eight other significant tax measures in the 1980s. The most important was the Tax Reform Act of 1986. By cutting rates, it radically compressed the tax code's progressivity. But by the compensatory closing of loopholes, it caused the wealthy to pay more income taxes. (It also increased the tax bill of the wealthy by increasing corporate taxes.)

Ten years ago the top fifth paid 66 percent of federal income taxes; today they pay 72 percent. The top 5 percent pay less of their income in income taxes (down from 22.2 percent to 18.9), but a larger share of the federal income tax take (up from 36 percent to 44.1). The share of the top 1 percent is up from 18.2 percent to 25.4.

If only the income tax is considered, the federal share paid by the top 10 percent rose 16 percent in the decade, the share by the middle class and poor fell 19 percent. Today the top 10 percent pay significantly more than half of all federal income taxes; the bottom 50 percent pay only 6 percent.

True, progressivity is less pronounced when the increases in the regressive Social Security tax are factored in. But most Democrats supported those increases, and most Democrats opposed a Democrat's (Pat Moynihan's) recent attempt to cut them.

By the way, although the president is out begging the country to defeat Democrats — Democrats who made possible the passage of the budget package the president supported — the Wednesday Group's members voted 21-to-18 against that package.

Forgive the president his confusion. He is understandably punchy.

Washington Post Writers Group.

For Some in Georgia, Stalin Still Smiles

By Joe Murray

TETRA TSKHLESBA, Soviet Georgia — Well, well. If it isn't Stalin! Joe Stalin, big as life. Fancy meeting you here, in the middle of the mountains next door to nowhere.

Actually, I can see now that he's bigger than life. Now that I've taken a closer look from a better vantage point, having hopped the ditch and climbed the fence. In Georgia of all places, you'd think there would be a statue of limitations on statues of Stalin. But here it is, a graven image of the worst tyrant you can imagine, still standing on the pedestal on which he was placed in front of a small schoolhouse in this village called Tetra Tsikhlesba.

We're about an hour and a half east of Tbilisi, heading through the mountains. When I spotted the statue, I had the driver stop. I wanted to make sure my eyes weren't playing tricks on me.

But what I'm seeing isn't anything I haven't already heard. Hard to believe, that you don't have to look far to find people who still don't look to Stalin, and even recall fondly the good old days when good ol' Joe was in power.

Here's what Vladimir, 62, a Georgian whose parents were Iraqi, said:

"The World War II hardships were not as bad as now. During the war there were many defense factories in which to work. Things were very satisfactory.

"We had real food, pure food, good meat. Each worker had a liter of milk each day. Now people get only half a liter, and it's milk of poor quality. During World War II, everything was rationed but we had all the necessities. That was because of Stalin.

"After the war, Stalin restored the plants, buildings and homes. He promised things would

MEANWHILE

be better in three years, and it happened. Prices were reduced 5 to 10 percent. What he told us, we could believe.

"The people will never believe Gorbachev. He makes promises that never come true. After Stalin died, everything died with him. It would be much better if Stalin would still be alive.

"No, I am not a Communist. I am a simple laborer. But I can remember what life was like under Stalin, and I know what life has been like under his successors."

I wrote it all down, but then wrote it off. I figured it was just one guy talking, just a nut. Now I've begun to wonder about those nuts. They seem to grow on trees here.

A sweet, little old lady who reads her Bible every day is telling me the gospel according to Stalin: "When Stalin lived, there were no robberies, no thieves breaking into your home. When Stalin came, the government trembled in fear. The persecution of the church? No, no. That wasn't Stalin. That was Lenin. The executions? No, no. That wasn't Stalin. That was Molotov. Molotov signed the execution papers."

"Everything we had under Stalin has been lost under Khrushchev, Brezhnev and Gorbachev. When Stalin was in power, potatoes were 15 kopeks for a kilo. Today they are two rubles."

Far be it from me to argue with the price of potatoes. That's why, on another day when I was talking to a group of students at the university, I didn't so much as blink when one of them said: "Stalin should not be judged too harshly. He was only carrying out Lenin's plan."

In Tbilisi, the statues of Lenin have been pulled down. Lenin Square is now Freedom Square. In the parks you find an array of empty pedestals where only last year there were memorials to the "Heroes of the Revolution" and such.

Let me stress, also, that there are plenty of people, young and old, who despise Stalin. In his hometown of Gori, the Stalin museum is closed. Yet a full-length statue of him still stands in Gori. The statue I've come upon in this mountain



village is one of the smaller versions. Stalin from the waist up. His head is turned to his left. He is smiling ever so slightly. It's almost as if he knows something — about people and potatoes, something about ourselves — that we don't.

Cox News Service.

LETTERS TO THE EDITOR

Downhill in Kenya

In response to "Kenya Seeks Relations With Norway" (World Briefs, Oct. 23):

The Kenyan opposition leader Koigi wa Wamwere has lived in exile with his family in Norway until quite recently. Now, as the dictator Daniel arap Moi consolidates his one-party rule of repression in Nairobi, he has been busy tidying up all loose ends by silencing opposition abroad.

By unknown means, Mr. Wamwere was lured away from his family in Oslo to a pestilential prison in Nairobi. Now, officially into the circumstances surrounding the incarceration and to offer assistance with regard to legal representation. Mr. Moi's response was to order the entire Norwegian diplomatic mission expelled. With them, dozens of aid specialists are also returning to Norway.

Never mind the millions of Norwegian aid dollars that this despot has so effectively canceled, and the added misery for Kenya's poor people that this precipitates. What is now most important is that Mr. Moi has again brought down the merciless glare of publicity on his benighted throne.

The International Herald Tribune has already reported charges by watch groups such as Amnesty International concerning torture and the sad state of due process in Kenya. Perhaps now the time has come for the prompt application of United Nations sanctions in Kenya so that fundamental rights and

at least a modicum of democracy may be restored.

STEIN L. HALVORSEN, Oslo.

Pakistan: A U.S. View

Regarding the report "Pakistan Vote: French Doubts" (Oct. 30):

The agency dispatch says that the French observer team to the Pakistan election felt that former Prime Minister Benazir Bhutto's claims of fraud in the election were accurate.

As a member of the U.S. observer delegation I find the French comments surprising. At best, they simply repeat Mrs. Bhutto's allegations, which we looked at and found impossible to verify. I think it is important that the French findings not be taken as complete and that the American effort be cited to provide a balance.

JIM MCAVOY, Paris.

For a Live Re-enactment

As usual, the Israeli government shows a total lack of imagination. Why shouldn't it receive a UN commission of inquiry? Let the investigation be limited to this incident only. And let the commission be faced with a live reconstruction of events: a crowd of as many as 5,000 vociferous people throwing stones!

J. HAZAN, Paris.

In response to the report "Palestinians Boycott Meeting with Hard" (Oct. 18):

Avi Pazner, spokesman for Prime Minister Yitzhak Shamir, says Israel has rejected a UN investigation into the recent killings of Palestinians in East Jerusalem because "above all it deals a blow to Israeli sovereignty over Jerusalem."

Israeli sovereignty over East Jerusalem is recognized by the same number of countries as recognize Israeli sovereignty over Kuwait: zero. Simply asserting that conquered lands form an integral part of your own country does not make it so — not after three months and certainly not after 23 years.

JOHN WHITEBECK, Paris.

Stand Up and Be Counted

The German writer Max Frisch said: "Those who don't concern themselves with politics have already done what they wanted to avoid in taking sides: They serve the party that comes to power."

Many Americans don't vote, saying that they are disillusioned with politics, that politicians are corrupt and incompetent, and that their vote means little to the people in power and will not change anything. But by abstaining from the political process, people hand over power from the many to the few. They are, in fact, saying that they are no longer interested in democracy.

Then two things happen. The first is that lower-quality politicians get into office. The second is that these politicians

feel less responsible to the people — and bend, break or make the rules to suit their (or their patrons') purposes. Thus, the public's lack of interest supports the very things that cause its apathy.

By conscientiously voting for the candidate of our choice, we are not just ensuring a better democracy. We are ensuring democracy itself.

CHRISTOPHER HOLSHUE, Wiesloch, Germany.

Of Bubbers and Crackers

Regarding "Bubba Factor? Go With the Flow" (Oct. 22) by William Safire:

It is my experience, from a youth spent in the American South, that "bubba" or "bubber" is what little children call their brother before they can speak clearly. From there it would appear that some uneducated people have gone so far as to name a child Bubba.

As for the word "cracker," applied to poor rural Southerners, some historians give the origin as the wagons or teamsters who energetically cracked their long whips to make the mules go.

MARY ANN SCHEINLIN, Paris.

Do the Same for Africa

In his otherwise appealing article "Peter Brook's Inventive 'Tempest'" (Stage/Entertainment, Oct. 17), Thomas Quinn Curran perpetuates simplistic notions about Africa when he classifies Souley Kourate, whose portrayal of

Prospero is described as "especially impressive," as "the African actor."

Mr. Kourate, whose Malinke family name suggests centuries of epic poetry and musical virtuosity in Mandingo kingdoms of the West African Sahel, may indeed be "African." He could be French as well, or Malian, Ivorian or Gambian. But culturally he is as different from a bushman in Botswana (also an African) as is an Englishman from a Bulgarian.

Journalists now carefully depict Asia in its exciting complexity. They should get with it and do the same for Africa.

ANDREW C. GILBOY, Flat Rock, North Carolina.

Out of Focus in Ireland

Regarding "The Other Years: A Rising Star" (Oct. 12) by Richard Birkhall:

Among artists born in a small country, sibling rivalry may be found outside as well as within the family. W. B. Yeats was jealous not just of his brother Jack, who supplanted him in his grandmother's affection, but even of James Joyce, whom he mentions only once, dismissively, in his autobiographies. And when a foreigner ventured to praise W. B. Yeats, no less dismissive, merely said that the man had to be supported by his mistress.

Ah well, the madness of art. But then, too, and perhaps especially in Stephen J. Joyce's contention that "the world has been focusing on the wrong Yeats," the madness of Ireland.

DAVID DORRANCE, Paris.

YESTERDAY 12,000 CHILDREN DIED IN AFRICA.

WHY IS N'T THIS ON THE FRONT PAGE?

No news is not always good news. The 12,000 children who died yesterday in Africa receive no mention in this newspaper.

Nor in any other.

It's not the fault of the media. It isn't news because it happens every day. 12,000 children a day. 84,000 a week. 4,368,000 a year. And this is only Africa.

In the developing world, the number of children who die every year now totals 14 million.

What makes these figures even harder to stomach is the knowledge that half these children could so easily be saved by a few low-cost remedies.

The million and a half children who die each year from measles could be saved by one vaccination. The price of the vaccine? Seventeen cents a child.

The sight of 250,000 children could be saved by providing a small course of vitamin A capsules.

The price of the capsules? Seven cents a child. The 2½ million children who die each year from dehydration

caused by diarrhoea could be saved by a simple sachet of sugar and salt mixed with water. Price twelve cents.

It's a small price to pay for such an enormous saving.

So far, UNICEF has helped inoculate about three quarters of the children in the developing world, saving 2 million young lives every year.

But we're not only interested in saving children in the short term.

We spend money on education, on nutrition and on supplying fresh drinking water to both children and adults alike.

An important part of UNICEF's support comes from voluntary contributions.

So please give as much as you can. You never know, saving these children might make the front page.

For further information on the worldwide activity of UNICEF (The United Nations Children's Fund), or to make a donation, please call your local UNICEF National Committee or send this coupon directly to: UNICEF GCO, UNICEF House, 3 United Nations Plaza, New York, NY 10017, USA. Attention: Bonnie Berlinghoff.

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NYSE

Wednesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

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2426 2427 2428 2429 2430 2431 2432 2433 2434 2435 2436 2437 2438 2439 2440 2441 2442 2443 2444 2445 2446 2447 2448 2449 2450 2451 2452 2453 2454 2455 2456 2457 2458 2459 2460 2461 2462 2463 2464 2465 2466 2467 2468 2469 2470 2471 2472 2473 2474 2475 2476 2477 2478 2479 2480 2481 2482 2483 2484 2485 2486 2487 2488 2489 2490 2491 2492 2493 2494 2495 2496 2497 2498 2499 2500 2501 2502 2503 2504 2505 2506 2507 2508 2509 2510 2511 2512 2513 2514 2515 2516 2517 2518 2519 2520 2521 2522 2523 2524 2525 2526 2527 2528 2529 2530 2531 2532 2533 2534 2535 2536 2537 2538 2539 2540 2541 2542 2543 2544 2545 2546 2547 2548 2549 2550 2551 2552 2553 2554 2555 2556 2557 2558 2559 2560 2561 2562 2563 2564 2565 2566 2567 2568 2569 2570 2571 2572 2573 2574 2575 2576 2577 2578 2579 2580 2581 2582 2583 2584 2585 2586 2587 2588 2589 2590 2591 2592 2593 2594 2595 2596 2597 2598 2599 2600 2601 2602 2603 2604 2605 2606 2607 2608 2609 2610 2611 2612 2613 2614 2615 2616 2617 2618 2619 2620 2621 2622 2623 2624 2625 2626 2627 2628 2629 2630 2631 2632 2633 2634 2635 2636 2637 2638 2639 2640 2641 2642 2643 264

MARKET DIARY

Wall Street Eases As Oil Prices Rise

United Press International
NEW YORK — Stock prices closed slightly lower Wednesday on the New York Stock Exchange after moving in the opposite direction to oil prices all session, ending in the minus column after a late rise in oil futures.

The Dow Jones industrial average, which rose 17.82 points Tuesday, fell 5.69 to close at 2,442.33.

Among broader market gauges, the New York Stock Exchange composite index edged up 0.09 to 166.17 and Standard & Poor's 500-stock index lost 0.06 to 304.00. The price of an average share inched up 1 cent.

Declines noted on advances by a very narrow margin. Big Board volume totaled about 156 million shares, up from 153 million traded Tuesday.

Stocks eased throughout the session, moving inversely to oil prices, which are an inflation indi-

cator. When oil turned higher near the close, stocks fell, but closed off their lows thanks to a late bout of program buying.

"We followed oil pretty much," said Dale Tilt, manager of institutional equity trading at Charles Schwab & Co. in San Francisco.

Mr. Tilt said that while the market continued to follow movements in oil prices for their inflationary and economic implications, it seemed to be tiring of the endless stream of headlines about the Gulf.

On the NYSE, Alcan Aluminum was the most active issue, off 1/4 to 18 1/2.

Eastman Kodak jumped 1/4 to 39 1/2 after reporting a third-quarter loss of \$206 million that included a \$309.5 million charge to cover a Polaroid patent judgment.

General Motors added 1/4 to 36 1/2 after posting a \$2 billion loss for the third quarter.

Prices fell in light trading on the American Stock Exchange. The Amex Market Value index slipped 0.28 to close at 287.79.

Dollar Gains on Yen In Technical Trading

Reuters
NEW YORK — The dollar closed mostly firmer on Wednesday, especially against the yen, as technical factors dominated the market in quiet trading at the month's end.

"It was one of the quietest days

dollar, falling to \$1.9435 from \$1.9565.

The dollar rose to 129.55 yen by the opening of U.S. trading, boosted by published comments from a senior U.S. Treasury official who said the administration is concerned about the dollar's descent.

Speculation that Japan's ruling Liberal Democratic Party will lose a by-election Sunday for the upper house of the Diet also hampered the yen, traders said.

The dollar was little moved by U.S. economic data released Wednesday, traders said.

"We're still in a technical trading range of 1.50 to 1.53 marks, and we should stay in it for at least another week," said Frank Pussner, vice president at Bank of Boston.

In London trading earlier, the dollar eased slightly.

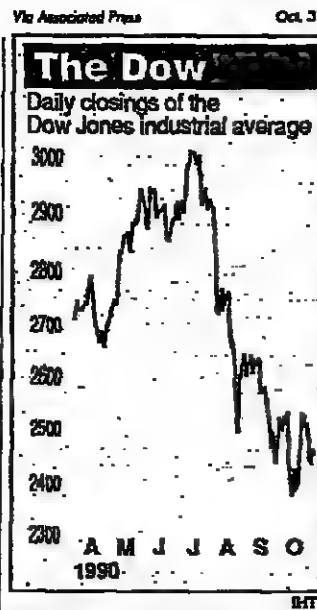
It ended around 1.5167 DM, down from 1.5220 DM on Tuesday.

The pound slipped against the dollar, falling to \$1.6435 from \$1.6565.

The dollar closed at 1.5181 Deutsche marks, up from 1.5150 DM at Tuesday's close, and jumped to 130.135 yen, up from 128.68.

The U.S. currency also rose to 1.2853 Swiss francs from 1.2827 francs, and to 5.084 French francs from 5.065 francs.

The pound slipped against the



AM J J A S O 1990

NYSE Most Actives

Vol.	High	Low	Last	Chg.
Alcan	18 1/2	18 1/4	18 1/2	-1/4
Eastman	39 1/2	39 1/4	39 1/2	+1/4
General	36 1/2	36 1/4	36 1/2	+1/4
Kodak	39 1/2	39 1/4	39 1/2	+1/4
Merck	45 1/2	45 1/4	45 1/2	+1/4
Novartis	45 1/2	45 1/4	45 1/2	+1/4
Pfizer	45 1/2	45 1/4	45 1/2	+1/4
Schering	45 1/2	45 1/4	45 1/2	+1/4
Wm. Wrigley	45 1/2	45 1/4	45 1/2	+1/4
Yale	45 1/2	45 1/4	45 1/2	+1/4

NYSE Diary

Advanced	Declined	Unchanged
747	685	191
Declined	747	685
Unchanged	191	747
Total Issues	191	747
New Highs	191	747
New Lows	191	747

Amex Diary

Advanced	Declined	Unchanged
36	37	119
Declined	36	37
Unchanged	119	36
Total Issues	119	36
New Highs	119	36
New Lows	119	36

NASDAQ Diary

Advanced	Declined	Unchanged
380	285	723
Declined	380	285
Unchanged	723	380
Total Issues	723	380
New Highs	723	380
New Lows	723	380

Dow Jones Averages

Index	High	Low	Last	Chg.
Indus	2452.69	2442.33	2442.33	-5.69
Transp.	2214.88	2204.42	2204.42	-1.06
Util.	210.89	209.84	209.84	-0.05
Comp.	84.22	83.73	83.73	-0.05

Standard & Poor's Indexes

Index	High	Low	Last	Chg.
Indus	339.34	338.34	338.34	-0.01
Transp.	211.76	210.76	210.76	-0.01
Util.	123.54	122.54	122.54	-0.01
Comp.	75.14	74.14	74.14	-0.01

NYSE Indexes

Index	High	Low	Last	Chg.
Composite	166.17	165.17	166.17	+0.09
Indus	166.17	165.17	166.17	+0.09
Transp.	166.17	165.17	166.17	+0.09
Util.	166.17	165.17	166.17	+0.09

NASDAQ Indexes

Index	High	Low	Last	Chg.
Composite	304.00	303.00	304.00	-0.06
Indus	304.00	303.00	304.00	-0.06
Transp.	304.00	303.00	304.00	-0.06
Util.	304.00	303.00	304.00	-0.06

AMEX Stock Index

Index	High	Low	Last	Chg.
Composite	287.79	286.79	287.79	-0.28
Indus	287.79	286.79	287.79	-0.28
Transp.	287.79	286.79	287.79	-0.28
Util.	287.79	286.79	287.79	-0.28

Dow Jones Bond Averages

Index	High	Low	Last	Chg.
20 Bonds	101.11	100.11	100.11	-0.11
10 Utilities	101.11	100.11	100.11	-0.11
10 Industrials	101.11	100.11	100.11	-0.11

Market Sales

NYSE 4-yr. volume	NYSE 10-yr. volume	NASDAQ 4-yr. volume	NASDAQ 10-yr. volume
1,000,000	1,000,000	1,000,000	1,000,000
1,000,000	1,000,000	1,000,000	1,000,000
1,000,000	1,000,000	1,000,000	1,000,000

N.Y.S.E. Odd-Lot Trading

Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
1,134,000	1,134,000	1,134,000	1,134,000	1,134,000	1,134,000
1,134,000	1,134,000	1,134,000	1,134,000	1,134,000	1,134,000
1,134,000	1,134,000	1,134,000	1,134,000	1,134,000	1,134,000

Currency Options

Index	High	Low	Last	Chg.
Indus	2452.69	2442.33	2442.33	-5.69
Transp.	2214.88	2204.42	2204.42	-1.06
Util.	210.89	209.84	209.84	-0.05

European Commodities

Index	High	Low	Last	Chg.
Indus	2452.69	2442.33	2442.33	-5.69
Transp.	2214.88	2204.42	2204.42	-1.06
Util.	210.89	209.84	209.84	-0.05

London Metals

Index	High	Low	Last	Chg.
Indus	2452.69	2442.33	2442.33	-5.69
Transp.	2214.88	2204.42	2204.42	-1.06
Util.	210.89	209.84	209.84	-0.05

Spot Commodities

Index	High	Low	Last	Chg.
Indus	2452.69	2442.33	2442.33	-5.69
Transp.	2214.88	2204.42	2204.42	-1.06
Util.	210.89	209.84	209.84	-0.05

U.S. FUTURES

Index	High	Low	Last	Chg.
Indus	2452.69	2442.33	2442.33	-5.69
Transp.	2214.88	2204.42	2204.42	-1.06
Util.	210.89	209.84	209.84	-0.05

Stronger Kodak Earnings Turned To Loss by Polaroid Award Charge

ROCHESTER, New York (Combined Dispatches) — Eastman Kodak Co. hit by a recent court award to Polaroid Corp. but showing a stronger underlying performance, reported Wednesday that it had a net loss of \$206 million in the third quarter.

Kodak said its earnings would have increased 19 percent without the judgment against it. The photographic company said the loss compared with earnings of \$300 million in the same period a year earlier.

A U.S. court in October awarded \$454.2 million in damages and \$455.3 million in interest to Polaroid in a patent-infringement suit against Kodak. Both Kodak and Polaroid have appealed the decision, but Kodak decided to take a \$309.5 million charge against earnings. (AP, Reuters)

Citicorp Expects to Lay Off 2,000

NEW YORK (UPI) — Citicorp, pressured by troubled real estate loans and declining corporate business, said Wednesday that it expected to lay off about 2,000 middle-ranked employees by year's end.

Between 600 and 700 employees in the U.S. bank's global finance branch have been laid off so far in a continuing austerity program launched five months ago, said a spokeswoman, Ann Luzzatto. She said an additional 400 will be let go from that branch by the end of the year.

Another 450 positions would be lost through the divestiture of a number of bank business operations, she said, and the remaining 450 would be cut from Citicorp operations in Japan and Europe.

For the Record

Michelin Tire Corp. said Wednesday that it is restructuring its North American operations and will cut 600 to 900 jobs in the process. (Reuters)

MGM/UA Communications Co. said Wednesday that the deadline for its proposed merger with Pathe Communications Corp. had again been extended, this time until Thursday. (Reuters)

GM: Loss Underlines Industry Woes

(Continued from page 1)

Last year GM earned \$517 million, or 72 cents a common share, in the third quarter on sales of \$29.8 billion, compared with \$29.8 billion in the same period a year earlier.

A GM spokesman said the company had not decided finally to shut down any of the five plants and would publicly announce any shutdowns only after workers had been notified.

The United Auto Workers union, did not immediately comment on the write-off, but a union official said that "there aren't any surprises here."

The union's latest three-year contract, ratified by GM workers in September, contains income security benefits that assure workers a paycheck even if their plants are closed.

Meanwhile, Standard & Poor's Corp. affirmed the debt ratings of the Big Three automakers and their finance subsidiaries on Wednesday, but changed its outlook to "negative" from "stable," meaning there is potential for significant future downgrades. S&P said their debt outstanding at the end of the quarter totaled over \$200 billion.

Ontario Hydro to Issue Global Bonds in Canadian Dollars

By Carl Gewirtz
International Herald Tribune
PARIS — Following the example set by the World Bank in issuing global U.S. dollar debt in the major markets around the world, Ontario Hydro, the largest electric utility in Canada, announced Wednesday its intention to issue global bonds denominated in Canadian dollars.

In a telephone interview, Treasurer Felix F. Chee said that neither the size, the maturity nor the timing of the issue has yet been fixed. He indicated that the "target size of the issue would be between 750 million and 1.2 billion Canadian dollars." That is equivalent to between \$540 million and \$810 million.

The largest Canadian dollar Eurobond to date has been 650 million dollars.

Like the World Bank, which has issued three global U.S. dollar bonds, Ontario Hydro aims to enhance the liquidity of its issues by making it possible for domestic and

international investors to trade the paper either in Canada or abroad.

For the World Bank, the increased liquidity has meant larger sized issues, all over \$1 billion, issued at a more advantageous cost than otherwise would have been possible.

The main distinction for international investors, accustomed to anonymous bearer bonds, is that global bonds are registered issues. However, as the World Bank has demonstrated, international insti-

U.S. FUTURES

Index	High	Low	Last	Chg.
Indus	2452.69	2442.33	2442.33	-5.69
Transp.	2214.88	2204.42	2204.42	-1.06
Util.	210.89	209.84	209.84	-0.05

WORLD STOCK MARKETS

Amsterdam

Index	High	Low	Last	Chg.
Indus	2452.69	2442.33	2442.33	-5.69
Transp.	2214.88	2204.42	2204.42	-1.06
Util.	210.89	209.84	209.84	-0.05

Brussels

Index	High	Low	Last	Chg.
Indus	2452.69	2442.33	2442.33	-5.69
Transp.	2214.88	2204.42	2204.42	-1.06
Util.	210.89	209.84	209.84	-0.05

Frankfurt

Index	High	Low	Last	Chg.
Indus	2452.69	2442.33	2442.33	-5.69
Transp.	2214.88	2204.42	2204.42	-1.06
Util.	210.89	209.84	209.84	-0.05

London

Index	High	Low	Last	Chg.
Indus	2452.69	2442.33	2442.33	-5.69
Transp.	2214.88	2204.42	2204.42	-1.06
Util.	210.89	209.84	209.84	-0.05

Stock Indexes

Index	High	Low	Last	Chg.
Indus	2452.69	2442.33	2442.33	-5.69
Transp.	2214.88	2204.42	2204.42	-1.06
Util.	210.89	209.84	209.84	-0.05

Commodity Indexes

Index	High	Low	Last	Chg.
Indus	2452.69	2442.33	2442.33	-5.69
Transp.	2214.88	2204.42	2204.42	-1.06
Util.	210.89	209.84	209.84	-0.05

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Index	High	Low	Last	Chg.
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Transp.	2214.88	2204.42	2204.42	-1.06
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Transp.	2214.88	2204.42	2204.42	-1.06
Util.	210.89	209.84	209.84	-0.05

Stock Indexes

Indus	2452.69	2442.33	2442.33	-5.69
Transp.	2214.88	2204.42	2204.42	-1.06
Util.	210			
Commod	210			
Correl Stock Index	5303.75			
Previous	5194.94			

Frankfurt	
ASG	217.21 216.50
Allianz Hhd	211.5 210.5
Airpno	216.47 216.50
Basf	217.20 216.50
Bayer	217.20 216.50
Beck & Hysp bank	217.20 216.50
Benz Veransto.	217.20 216.50
Bilb	217.20 216.50
SHF Dornik	217.20 216.50
BMW	217.20 216.50
Commerzbank	217.20 216.50
Continental	217.20 216.50
Daimler Benz	217.20 216.50
Deutsche Bank	217.20 216.50
Dr. Stoback	217.20 216.50

Johannes	
ASCI	217.20 216.50
Alicia	217.20 216.50
Amico Amer	217.20 216.50
Borner	217.20 216.50
Busch	217.20 216.50
Carlson	217.20 216.50
Chem	217.20 216.50
Hennrich	217.20 216.50
Holmstedt Stee	217.20 216.50
Klod	217.20 216.50
Neudark Grp	217.20 216.50
Reich	217.20 216.50
Si Helene	217.20 216.50
Wolfram	217.20 216.50
Western Dents	217.20 216.50
Wolfram	217.20 216.50
Previous	204

London	
ASCI	217.20 216.50
Alicia	217.20 216.50
Amico Amer	217.20 216.50
Borner	217.20 216.50
Busch	217.20 216.50
Carlson	217.20 216.50
Chem	217.20 216.50
Hennrich	217.20 216.50
Holmstedt Stee	217.20 216.50
Klod	217.20 216.50
Neudark Grp	217.20 216.50
Reich	217.20 216.50
Si Helene	217.20 216.50
Wolfram	217.20 216.50
Western Dents	217.20 216.50
Wolfram	217.20 216.50
Previous	204

Product Delay Hits Reuters

Compiled by Our Staff From Dispatches

LONDON — Shares in Reuters Holdings PLC tumbled again on Wednesday after the company said it would delay the launch of its new foreign-exchange dealing system and cut 300 jobs.

Reuters stock, which plunged 52 pence (\$1.14) on Tuesday, fell another 43 pence to close at 562 pence on the London Stock Exchange.

The company said it would take a charge of about \$10 million to make the 300 job cuts — 200 of which would be lost in Britain. Reuters has a total staff of about 10,500 worldwide.

The company's stock has fallen

sharply this year, with the decline accelerating in recent days on a variety of rumors, including market talk of problems with the dealing system.

The new system, called phase-two of Dealing 2000, is an automated foreign-exchange trading system. Reuters said it will be delayed for at least six months' additional development and testing.

Despite the problems, Reuters said it expects to report a 1990 profit of about \$320 million, up from \$283.1 million in 1989.

The Reuters chief executive, Glen Renfrew, said new orders were substantial but running below 1989 levels, and warned that cur-

rent treacherous market conditions make forecasting very difficult.

"We cannot rule out further setbacks but the recent new order rate has been large enough, in combination with cost savings, to support steady growth despite the further delay in the second phase of Dealing 2000," he said.

In July, Mr. Renfrew said he expected Dealing 2000 to begin to contribute to earnings at the end of the third quarter of 1990.

"We greatly regret the need to eliminate jobs and also the further postponement of the second phase of Dealing 2000, but believe our actions are in the best interests of Reuters clients, shareholders and staff as a whole," he said.

It was not immediately apparent which departments would be affected by what the company called a "streamlining" of "certain activities." The company has been undergoing extensive reorganization.

Reuters said its GLOBEX project, the automated trading system being developed in partnership with the Chicago Mercantile Exchange and the Chicago Board of Trade, will not be affected by the delays with Dealing 2000.

The company also said it had established an employee share ownership trust with the power to buy Reuters shares in the market. This follows approval by shareholders of changes to employee share-option plans earlier this year.

The trust, an offshore subsidiary of Reuters, will be run under contract by an independent management company. Reuters said the trust will not be used to buy shares on the open market or to exercise options.

Reuters said it will make a further statement on its business outlook around Dec. 4, when it meets with analysts in New York.

(Reuters, AP)

14.9% Fall For Reed In Half

Reuters

LONDON — The publisher Reed International PLC on Wednesday reported a 14.9 percent fall in first-half pretax profit, blaming adverse currency movements and the economic downturn in Britain and the United States, particularly in advertising.

Profit fell to £108.8 million (\$211 million) from £127.8 million in last year's first half.

Reed's chairman, Peter Davis, said: "The slowdown in economic activity in both the U.K. and the U.S., and the uncertainties caused by the Gulf crisis, have had, and continue to have, an effect on both business and consumer confidence."

He said it is difficult to forecast the full-year result, especially as a greater proportion of profit is based on the dollar, which has been weak, since the second half.

Despite the poor results, Reed raised its interim dividend 9 percent to five pence, and the stock market cheered the news by sending Reed's shares up eight pence to 338 pence.

"I think there was an element of relief that the results didn't come in any worse," said Tim Rothwell, a publishing analyst at the broker Barclays de Zoete Wedd.

Mr. Rothwell said alarm bells were rung by results from other international publishers such as Rupert Murdoch's News Corp., whose net profit fell 46 percent in the year ended June 30.

Marks & Spencer Profit Rose 10% in First Half

Compiled by Our Staff From Dispatches

LONDON — Marks & Spencer PLC said Wednesday that pretax profit rose 10.3 percent to £230.3 million (\$448 million) in the first half of the year, countering the widespread gloom in the British retailing sector.

The company, which is regarded as a barometer of leading stores, said revenue rose to £2.66 billion from £2.5 billion in the first half of 1989, when pretax profit was £208.7 million.

"These were good results in the light of difficult retail conditions and show the strength of Marks' systems and buying power even in

tough times," said Joan D'Olier, an analyst at County NatWest.

Earnings per share rose to 5.4 pence from five pence and the company declared an interim dividend of two pence, up from 1.85 pence. Analysts said Marks had managed to boost profit in a depressed market because of its heavy investment in information technology, which has reduced overhead and given it strong competitive edge.

They said clothing sales were somewhat disappointing, but food and houseware sales were a little better than expected.

By region, operating profit in Britain and Ireland rose to £226.6 million from £216.2 million, while profit from continental Europe rose to £8 million from £3.7 million a year earlier. In North America, profit fell to \$3.1 million from \$7.7 million the previous year.

The company said in a statement that high interest rates and political uncertainties make sales growth more difficult to achieve. But the statement added, "We are confident the strength of U.K. business, flexible and determined management and efficient operations systems will enable us to minimize these difficulties."

Marks & Spencer shares rose eight pence to 237 pence after the results were released. Analysts said that speculation that Marks might make a grim profit forecast had depressed the whole retailing sector.

(Reuters, AFP)

Adidas Expects Profit This Year and Next

Reuters

BONN — Adidas AG's management board chairman said Wednesday he is confident the sporting-goods maker, recently taken over by the French entrepreneur Bernard Tapie, will finish both this and next year with positive results.

The executive, Rene C. Jaeggi, told Die Welt that he expected a pretax profit of 20 million Deutsche marks (\$13.2 million) this year, after a net loss of 112 million DM in 1989. He forecast pretax profit of at least 70 million DM in 1991 on revenue of 3.4 billion DM.

Royale Belge Acts to Boost Control Over Two Units

Reuters

BRUSSELS — Groupe Royale Belge, the Belgian insurance company, on Wednesday launched bids to boost its control of the Belgian savings bank La Foncière Liège and the insurer Urbaine UAP.

Royale Belge offered to buy shares owned by the public in La Foncière for 1.250 Belgian francs (\$39.93) per paid-up share. Royale Belge Finance made an exchange offer for all of Urbaine UAP's shares on the basis of five Royale Belge shares for six Urbaine shares.

Royale Belge already controls La Foncière through a subsidiary and owns 58 percent of Urbaine UAP through another unit. A further 25 percent of Urbaine is held by a subsidiary of the French insurer Union des Assurances de Paris.

Market analysts said the two bids were aimed at consolidating Royale Belge's hold over its subsidiaries.

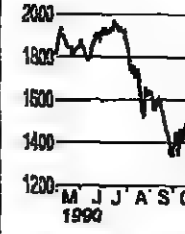
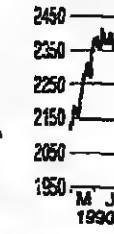

"It wants to consolidate market share in Belgium," said one. Another analyst said the bid for the remaining shares in Urbaine UAP had been expected for some time and that it was logical to integrate the company into the Royale Belge group.

There is no point in having stock market listings for two separate insurance companies in the same group," he said.

Royale Belge also offered to pay 1,094 francs for each 50 percent paid-up La Foncière share, 1,016 francs per 25 percent paid-up share and 1,281 francs per AFV share, which is stock with special tax advantages, the statement said.

Urbaine UAP shares in Brussels were suspended at 3,900 francs and Royale Belge stood at 4,750 francs in afternoon trading. La Foncière shares are not quoted on the Brussels Stock Exchange.

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40		
				
Exchange	Index	Wednesday Close	Prev. Close	% Change
Amsterdam	CBS Trend	96.90	96.70	+0.21
Brussels	Stock Index	5205.78	5198.94	+0.13
Frankfurt	DAX	1433.82	1431.14	+0.19
Frankfurt	FAZ	622.09	624.13	-0.33
Helsinki	UNITAS	413.20	407.00	+1.52
London	Financial Times 30	1592.90	1575.30	+1.12
London	FTSE 100	2050.70	2033.90	+0.83
Madrid	General Index	232.12	232.53	-0.18
Milan	MIB	815.10	819.80	-0.57
Paris	CAC 40	1645.57	1613.59	+1.98
Stockholm	Aftersvariden	871.32	874.77	-0.39
Vienna	Stock Index	511.08	520.10	-1.73
Zurich	SBS	531.90	533.30	-0.26

Sources: Reuters, AFP

International Herald Tribune

Sources: Reuters, AFP

RATE: Focus on the Lombard

(Continued from first finance page)

mists noted that it would probably require a jump in the discount rate, now standing at 6 percent, to convincingly tighten German monetary policy. The discount window is a standard source of regular funding for German commercial banks and requires bills rather than securities as collateral.

"The Bundesbank is worried about inflation," said Dietmar Vriel, an economist with Trinks & Borkhardt in Düsseldorf. "But they are probably unlikely to tighten policy in view of international considerations and the difficulties of eastern Germany in getting its economy off the ground."

At the same time, most analysts did not rule out possible broad policy action by the Bundesbank at some point over the next several months, especially in view of the effect of volatile oil prices on inflation and the exceptionally heavy borrowing by the government to finance reunification.

"The Bundesbank may be most keen on sending signals to the government in Bonn to limit its borrowing but also no doubt wants to send a warning to unions bargaining in key wage rounds later this year," said Warren Oliver, an economist with the securities house

UBS/Phillips & Drew in London. The Bundesbank has so far left its Lombard and discount rates unchanged for over a year in spite of the uncertainties and nervousness surrounding monetary and political reunification.

But the central bank has been issuing warnings with increasing frequency throughout the summer and autumn about the need for government to cut spending and limit borrowing as much as possible. Federal government borrowing is expected to soar to nearly 70 billion Deutsche marks (\$46.2 billion) this year, from 19 billion DM in 1989, amid steadily rising estimates of the costs of absorbing the former East Germany.

A Bundesbank board member, Hans Tietmeyer, warned last week that failure to trim budgets could force the bank to tighten policy "no matter whether there are elections or not." The first postwar all-German elections take place in early December.

The Bundesbank, as always, is most concerned about prices; the inflation rate, which averaged 2.8 percent in 1989, has begun to tip over 3 percent. Moreover, many analysts are forecasting an average rate well over 3 percent for this year and as high as 4.5 percent next year.

DSM Profit Falls 19%, Lower Net Seen for '90

Compiled by Our Staff From Dispatches

HEERLEN, Netherlands — The chemical concern DSM NV on Wednesday reported a 19 percent decline in third-quarter net income and said its full-year profit would fall from last year's \$1.03 billion to \$600.4 million, to an unspecified figure above \$500 million.

DSM said its third-quarter profit, excluding extraordinary items and results from minority stakes in other companies, fell to 188 million guilders from 233 million guilders in the same period last year.

Third-quarter sales were up 8 percent, excluding those from businesses bought and sold during the year, although prices fell an average of 1 percent. Total sales, however, fell 2 percent, to 237 billion guilders.

The profit figure was above analysts' forecasts of 158 million to 161 million guilders, and DSM's shares

spurred at the opening of trading in Amsterdam, rising 2.80 guilders to 84.10.

DSM said operating profit fell to 266 million guilders from 304 million. It attributed the decline to the Gulf crisis and to rising costs of oil-derived raw materials such as naphtha and gasoil.

The company also said Wednesday that it had sold its 9.7 percent stake in the British concern Clyde Petroleum PLC to British institutional investors for about 175 million guilders.

In addition, it said that it will build a factory in South Korea with two local partners and pay half of the total cost of about \$200 million.

The partners are the Korean textile company and the Nam Ha fertilizer manufacturer. DSM will hold 50 percent of the textile chemical plant. Korea 30 percent and Nam Ha 20 percent.

(Reuters, AFP)

FORD: The European Powerhouse Appears to Be Running Out of Steam

(Continued from first finance page)

next, says Harvey E. Heinbach, an analyst at Merrill Lynch.

"That assumes Ford maintains its dividend and its worldwide automotive business earns \$1.5 billion in 1990 and \$700 million in 1991 — down from \$1.6 billion in 1989."

In Ford's five-year spending plan, \$10 billion is earmarked for Ford of Europe, an increase of about 40 percent from the previous five years. Part of the \$10 billion has been spent this year to help pay for the new Escort Orion, which was developed separately from its North American sister car at a cost of \$1.5 billion.

The next priority, Mr. Halstead said, is a replacement for the midsize Sierra, which is not expected to be replaced before 1992 at the earliest.

Ford of Europe is also investing heavily in a new 16-valve, four-cylinder engine it badly needs for its Escorts and Sierra. That should be in production by mid-1992.

In a separate five-year plan, the Ford executives now running Jaguar want to spend nearly \$2 billion to modernize antiquated factories and to develop three new models for the luxury carmaker.

They hope the new models will enable Jaguar at least to triple its unit sales within 10 years. Only by doing so can Jaguar earn the kind of profits needed to prove that Ford was not crazy to pay what it did for a tiny company whose biggest asset was its name.

The big question is whether there will be enough money to finance all these programs, especially if there is a deep recession.

In the early 1980s, money from Ford of Europe enabled the North American operation to revamp its factories and to plow ahead with product development despite horrendous losses inflicted by mounting Japanese competition and the severe recession.

The North American operation emerged in the mid-1980s with sharply lower manufacturing costs, higher quality and its trend-setting Taurus/Sable cars — all of which enabled it to

rack-up \$16 billion in profits from 1983 through 1989.

But Ford of Europe, which had skimped on product development to help its big brother, found itself having to scramble in the early 1980s. At the time, Ford of Europe got away with it because competition in Europe was not especially tough. This time around, that is not true. Analysts expect the division's net income to fall from \$1.19 billion last year and the record \$1.46 billion in 1988.

Optimists predict it will earn about \$800 million this year, including Jaguar, or about \$1 billion less than they expect General Motors Corp. to make in Europe, even though both companies are about the same size. Pessimists say Ford of Europe's earnings could fall as low as \$600 million.

After five record years, the Western European carmaker is reeling. Companies like Fiat SpA, Peugeot SA and Volvo AB have been laying off workers.

Industry analysts and executives expect car sales to drop by only 200,000 to 400,000 units this year from the record 13.4 million in 1989. But the decline could be sharper next year — possibly to 12.5 million — even if the Gulf crisis does not result in a major disruption in oil supplies.

To make matters worse for Ford of Europe, its market share has slipped. Ford, including Jaguar, held 11.7 percent of the Western European market in the first nine months of this year, down from 11.8 percent in all of 1989 and 13 percent in 1984.

The decline is even worse in Britain, where Ford's share in the first nine months of this year fell to 25.6 percent from 27 percent in the same period of 1989 and 30.9 percent in 1981.

Mr. Halstead blames the slip in market share on two factors: Britain's ailing economy and competition at Ford plants in Britain and Belgium earlier this year. But analysts also blame Ford of Europe's aging car models and engines — a problem Ford has in North America, too. The European Escort that was just replaced,

for example, was 10 years old. The Sierra, before it is replaced, will be at least as old. By comparison, the Japanese are replacing cars every four years.

Analysts accuse Ford of underinvesting on product development in the mid- to late 1980s, pouring billions of dollars instead into acquisitions in financial services and stock buybacks.

"We're talking about a company that had a lot of opportunities in the 1980s and didn't take full advantage of them," said Maryann N. Keller, an analyst at Furman Selz Mager Dietz & Birney Inc., a New York investment firm. "It has now caught up with them. We're beginning to see deficiencies in Ford's product line and that is most evident in Europe, which is the most competitive market in the world."

By comparison, GM, which is No. 5 in Western Europe, just behind Ford, has been drawing lots of kudos — and customers — in the last couple of years for its new cars, including its Calibra sports coupe and a midsize car sold as the Opel Vectra on the continent and the Vauxhall Cavalier in Britain.

Meanwhile, Ford's big current investments in its six major body and assembly operations and four engine factories in Western Europe, combined with its efforts to persuade unions to accept more flexible work practices, should give it all the capacity it will need anytime soon, according to Stuart J. Hamer, personnel director of Ford of Europe's engineering and manufacturing group.

Ford is already the most efficient manufacturer in Europe, Mr. Hamer said. He estimated that Ford needs 23 to 26 hours of labor to weld, paint and assemble a car on the Continent.

But the Japanese are expected to be able to produce as many as 900,000 cars in Europe by 1995 and 1.5 million by the end of the decade. Given that Japanese factories in Japan and the United States use only 17 or 18 hours of labor to weld, paint and assemble a car, the assumption is that they will be able to work similar miracles in their new European factories.

NYSE

Wednesday's Closing
Tables include the nationwide price up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

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Managing Malaysia's Selloff

Absorbing \$6 Billion in Stock Will Challenge Market

By Michael Richardson

SINGAPORE — The Malaysian government is to press ahead with a program to privatize state-owned companies worth more than 16 billion ringgit (\$3.9 billion) while trying to ensure that heavy demand for funds does not sap the stock market's resources.

Analysts in Kuala Lumpur and Singapore said Wednesday that although the market appears to have digested a major flotation earlier this month of the government-controlled Telekom Malaysia Bhd., the timing and price of future equity offerings will need to be carefully managed.

Malaysian officials and analysts said that companies likely to be privatized over the next few years include Tenaga Elektrik Nasional, the national electricity power utility that was transformed into a corporation in September; a network of about 20 airports; Perumahan Otomobil Nasional, manufacturer of the Proton Saga car, which has captured more than 60 percent of car sales in Malaysia; and Perwaja Terengganu, a steel plant.

Foreign brokers said that to broaden support for the privatization program, Malaysian authorities should consider reducing stock premiums paid by foreign investors.

Stephen Davies, sales director of Hoare Govett Securities (Singapore) Pte., said that in the future, "there may have to be some sort of offer to foreigners at the initial flotation stage without a sizable premium" on the issue price paid by Malaysian investors.

Mr. Davies, until recently head of the firm's office in Kuala Lumpur, added that foreign investors in uncertain market conditions are less prepared to pay more in Malaysia when they can pick up the stock in the market after the issue at a price substantially lower than that fixed for the official foreign placement.

Since the invasion of Kuwait on Aug. 2, Malaysian stock prices have fallen 20 percent, compared with a 53 percent drop in Taiwan, 40.3 percent in Thailand, 28.5 percent in Indonesia, 24 percent in Singapore and 11.8 percent in Hong Kong.

In the case of Telekom, brokers said that 30 million of the 470.5 million shares on public offer are being set aside for foreign placement at 7 ringgit per share. The issue price for Malaysian investors is 5 ringgit.

Telekom is to be listed next Wednesday. Brokers said its gray-market price recently moved up to about 6 ringgit, a 1-ringgit premium on the issue price.

Paul S.B. Chan, co-manager of the research department of KAN Kenanga Bhd., a Malaysian securities house, said there had been a significant number of foreign buyers in the gray, or when issued, market. "So judging by the foreign interest and the price," he added, "the response from the market has been good despite initial fears that it would be weak."

However, Mr. Chan said next Wednesday would be the acid test. "The reaction to the STM listing will give the best indication of how much liquidity there is in the market and the extent to which it can absorb further new issues under the privatization program," he said.

Although less than 25 percent of Telekom is being relinquished by the government, the company will have a market capitalization of nearly 10 billion ringgit, almost one-tenth of the total capitalization of the Kuala Lumpur Stock Exchange of about 105 billion ringgit.

Mohamad Sheriff, director-general of the Economic Planning Unit in the Prime Minister's Department, said recently that under an action program to be announced soon by the government, between 15 and 20 government-controlled enterprises, including at least one "flagship" like STM, would be privatized each year.

He said the aim is to increase efficiency and competition in the Malaysian economy, expand the role of the private sector and reduce the financial and administrative burden of the government.

However, Mr. Sheriff said foreign participation in each privatized entity would be limited to a maximum of 25 percent.

A plan prepared by consultants has identified 246 state-owned companies in telecommunications, power generation, transport, manufacturing, agriculture, plantations and services as potential candidates for privatization.

The consultants estimated their assets at more than 16 billion ringgit.

Since 1983, eight government-owned companies have been listed on the Kuala Lumpur exchange at a total issue price of some 492 million ringgit. They include Malaysian Airline System Bhd., Malaysian International Shipping Corp., BSN Bhd., the sole distributor of the Proton car, and Sistem Telekom Malaysia Bhd., a TV station.

Nick Seward, director of Kuala Lumpur representative of Baring Securities (Singapore) Pte., said that in current conditions the Malaysian market could not absorb another major privatization because there is a temporary shortage of liquidity.

"We still have about 3 billion ringgit outstanding in rights issues from Malaysian companies trying to reduce their gearing, and fears of war in the Gulf are affecting market sentiment," he said.

However, Mr. Seward said over the long term, the privatization program is needed to give the equity market greater depth.

Officials said that about 2 billion ringgit annually flowed into the Malaysian market over the past few years.

Mr. Sheriff said growth had been "held back as much by inadequate supply of quality issues as by the level of potential demand."

The consultants had concluded that given favorable market conditions and the availability of attractive new stock, up to 5 billion ringgit a year of additional equity could be absorbed.

Tokyo Opens Fund Managing

By Patrick L. Smith

International Herald Tribune

TOKYO — The Finance Ministry, as part of its long-term effort to liberalize Japanese banks and capital markets, issued licenses

Wednesday to the first two foreign portfolio managers permitted to operate domestic investment trusts.

Jardine Fleming Investment Trust Management Ltd. and Warburg Investment Trust Management Co. are both newly formed joint ventures between the portfolio management units of their overseas parents and groups of Japanese institutions.

The licenses granted to the two concerns mark a significant step in the opening of capital market activities in Tokyo to foreign concerns.

Investment trusts are closed-end investment vehicles similar to the unit trusts operated in Britain and mutual funds in the United States, in that they offer investment units almost exclusively to individuals.

The investment-trust market in Japan is currently worth 42 trillion yen, or \$337.8 billion.

"Despite the current difficult market situation, we expect to pro-

duce a wide range of innovative international and domestically oriented products," said Yoshio Hoshino, president of the Jardine Fleming venture. "It is certainly to our advantage to be entering the business when prices are low."

Jardine Fleming Investment Trust Management is owned jointly by the Hong Kong-based Jardine Fleming group, which owns 72 percent of the new company's shares, three Japanese trust banks and 15 Japanese brokerage houses.

Mr. Hoshino is the former president of JF Investment Advisers (Japan) Ltd., the portfolio side of Jardine Fleming's 20-year-old Tokyo operation.

The Warburg concern is similarly structured. Warburg Investment Trust Management is 75 percent owned by Mercury Asset Management PLC, the portfolio unit of the S.G. Warburg international banking group, with the rest divided among 15 Japanese brokerages and seven Japanese trust banks.

The two firms plan to issue domestic and international funds invested in both Japanese equities and bonds.

Pan-Asia Satellite Plan Boosted by H.K. Ruling

By Steve Glain

International Herald Tribune

HONG KONG — The government gave the go-ahead Wednesday to a pan-Asia satellite television plan promoted by the local business giant, Li Ka-shing, that would use Hong Kong as its base.

Hutchison Telecommunications Ltd., a broadcaster owned by Mr. Li's flagship trading company, Hutchison Whampoa Ltd., got a boost from the government decision to effectively deregulate the colony's satellite market.

The decision was widely considered to be taken at the expense of Hong Kong Cable Communications Ltd., an international consortium that includes some of Hong Kong's most powerful companies.

Hong Kong Cable, which won the colony's exclusive cable television contract last November, has said it cannot compete with unfettered satellite broadcasts.

In a long-awaited statement, the government said it would allow licensed satellite operators to broadcast in any language other than Cantonese, the colony's principal language. This effectively means the network would serve an audience chiefly outside Hong Kong.

Government officials said that condition, to be reviewed after three years, was added to protect Hong Kong Cable from losing its market share to satellite television.

"We certainly did that with the intention of giving them adequate

protection," said Rachel Cardland, deputy secretary for recreation, culture, broadcasting and entertainment.

But Hong Kong Cable has said it would also need the exclusive rights to broadcast English-language programs, particularly early on, while it develops local production facilities. The company has pledged to begin cable service by late 1991.

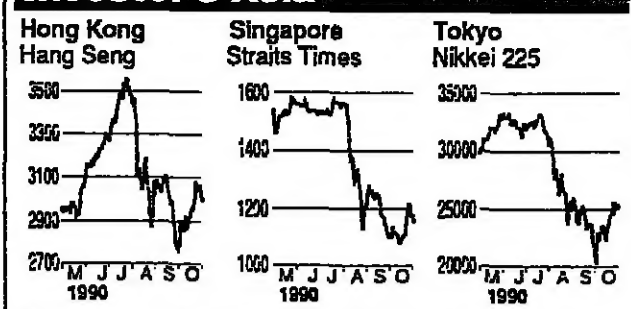
A Hong Kong Cable spokesman said the company would have no immediate comment.

Critics said the government was compromising its traditional adherence to free-market forces for the sake of the powerful Hong Kong Cable consortium, which is owned by Wharf (Holdings) Ltd., Sun Hung Kai Properties Ltd. and Shaw Brothers (Hong Kong) Ltd., all local firms, as well as the global telecommunications firm U.S. West Inc. Belgian's Coditel SA owns a minor share of the consortium.

Hutchison welcomed the announcement as "the beginning of a new era in the communications history of Hong Kong and Asia." A spokesman said the company would apply for a broadcasting license and could probably begin transmitting within 12 to 14 months via AsiaSat, a satellite owned jointly by Cable & Wireless PLC, China International Travel & Investment Corp. and Hutchison Whampoa.

The satellite is capable of beaming signals to and from the Middle East, Singapore and Tokyo.

Investor's Asia



Exchange	Index	Wednesday Close	Prev. Close	% Change
Hong Kong	Hang Seng	2990.96	3011.65	-0.69
Singapore	Straits Times	1153.95	1164.83	-0.93
Sydney	All Ordinaries	1327.20	1329.10	-0.14
Tokyo	Nikkei 225	25194.10	25242.40	-0.19
Kuala Lumpur	Composite	491.71	497.90	-1.24
Bangkok	Book Club	568.19	569.74	-3.65
Seoul	Composite Stock	690.16	711.49	-3.00
Taipei	Weighted Price	Closed	3318.53	
Manila	Composite	509.85	506.65	+2.21
Jakarta	Stock Index	N.A.	732.61	
New Zealand	Barclays	1330.34	1358.22	-2.05
Bombay	National Index	640.96	646.67	-0.88

Sources: Reuters, AFP. International Herald Tribune

China Likely to Back H.K. Port Plan

International Herald Tribune

HONG KONG — China's resistance to Hong Kong's plans to build an air and sea port estimated at 127 billion Hong Kong dollars (\$16.3 billion) is likely to gradually evaporate, analysts said, as local officials reaffirm the possibility of financing the project with existing funds.

"From here on, it will be a matter of persuasion, education and maybe some deals to be done that will allow mainland firms to get cut in on the action," said Howard Gorges, director of South China Brokerage Co. "That does not mean they will be bought off; it just makes sense."

In an address delivered to Hong Kong's Legislative Council but aimed also at Beijing, Financial Secretary Sir Peter Jacquot Wednesday said that Chinese administrators would inherit a property fund worth more than 70 billion dollars after the colony returns to Chinese control in 1997. At that size, the so-called Special Administrative Region Government Land Fund would nearly equal the colony's current level of

reserves, accumulated from years of budget surpluses.

"We would not have proceeded with this package of projects if we did not believe that doing so was clearly within our financial capacity," said Sir Piers. "I hope the figures I have referred to will demonstrate the strength of our position."

It was the first official forecast on the size of the land fund in 1997, and was perceived by analysts as a gesture of reassurance to China. At the end of fiscal 1989-90, the fund was valued at more than 17 billion dollars, according to Sir Piers.

The fund will probably double in

value by 1997 through compounded interest, while property sales alone are expected to earn the government about 40 billion dollars, analysts said.

The fund, which was created under the 1984 Sino-British joint agreement on the colony's future, consists of the net proceeds from the sale of government property auctioned off to private investors.

China has yet to endorse the port project because of fears it will be saddled with huge debt payments after 1997. The Hong Kong government is expected to finance between 40 percent to 60 percent of the project through expenditures, syndicated loans or bond issues that would mature well after the colony's handover.

Beijing's resistance to the project has increased the perceived risk to private investors, analysts say.

Analysts said the government's decision to finance a bridge linking the airport and Hong Kong's urban areas with existing revenue had signaled its resolve to China, which recently sent a delegation to Hong Kong to discuss the project.

ADVERTISEMENT

INTERNATIONAL FUNDS

Quotations supplied by funds listed. Not all fund quotations are supplied by the Funds listed with the exception of some quoted on issue price. The market symbols indicate frequency of quotation: (daily) (w) - weekly; (bi-monthly) (q) - quarterly; (m) - monthly; (y) - yearly.

October 31, 1990

<p>ASIAN FUNDS</p> <p>ASIAN EQUITY FUND (A) \$1.00</p> <p>ASIAN BOND FUND (B) \$1.00</p> <p>ASIAN STOCK FUND (C) \$1.00</p> <p>ASIAN FIXED INCOME FUND (D) \$1.00</p> <p>ASIAN BALANCED FUND (E) \$1.00</p> <p>ASIAN INTERNATIONAL FUND (F) \$1.00</p> <p>ASIAN EMERGING MARKETS FUND (G) \$1.00</p> <p>ASIAN SMALL CAP FUND (H) \$1.00</p> <p>ASIAN MID-CAP FUND (I) \$1.00</p> <p>ASIAN LARGE CAP FUND (J) \$1.00</p> <p>ASIAN ULTIMATE FUND (K) \$1.00</p> <p>ASIAN ULTIMATE FUND (L) \$1.00</p> <p>ASIAN ULTIMATE FUND (M) \$1.00</p> <p>ASIAN ULTIMATE FUND (N) \$1.00</p> <p>ASIAN ULTIMATE FUND (O) \$1.00</p> <p>ASIAN ULTIMATE FUND (P) \$1.00</p> <p>ASIAN ULTIMATE FUND (Q) \$1.00</p> <p>ASIAN ULTIMATE FUND (R) \$1.00</p> <p>ASIAN ULTIMATE FUND (S) \$1.00</p> <p>ASIAN ULTIMATE FUND (T) \$1.00</p> <p>ASIAN ULTIMATE FUND (U) \$1.00</p> <p>ASIAN ULTIMATE FUND (V) \$1.00</p> <p>ASIAN ULTIMATE FUND (W) \$1.00</p> <p>ASIAN ULTIMATE FUND (X) \$1.00</p> <p>ASIAN ULTIMATE FUND (Y) \$1.00</p> <p>ASIAN ULTIMATE FUND 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Be sure that your fund is listed in this space daily. Telex Simon OSBORN at 613595F for further information.

SPORTS

For NBA in the '90s, Economic Indicators Are All Positive

By Sam Goldaper

New York Times Service

NEW YORK — In 1968, Dick Bloch paid \$2 million to put a National Basketball Association franchise in Phoenix. In 1987, Bloch sold the Suns to a group headed by Jerry Colangelo, the team's general manager, for \$44.5 million. Three weeks later, Colangelo said recently, he was offered \$60 million for the team.

"Last December," Colangelo said, a major accounting firm "appraised the team's worth at \$98.9 million."

Such is the state of the economy in the NBA. While governments at all levels and corporations of all sizes struggle with deepening deficits, the NBA has offered a bright spot. Owners, players and even the league's commissioner, David Stern, are reaping the benefits.

The Suns are not alone in benefiting from the skyrocketing value of NBA franchises. In 1988, Paul Allen, a leader in the personal-computer industry, purchased the Portland Trail Blazers for

\$70 million. Last year, the Denver Nuggets were sold for \$60 million.

By comparison, the Boston Celtics were sold for \$19 million in 1983, before the NBA began enjoying its current popularity and financial health. Three years later, the owners went public by offering 40 percent of the team in a limited partnership, and that move brought in \$45 million.

Last February, owners rewarded Stern, who took over in 1984, with a five-year contract that includes an annual salary of \$3.5 million plus a bonus package worth \$10 million.

Here are some of the assets of what has become one of the world's hottest sports and cable television contracts totaling \$875 million in the next four years, its revenues are projected to grow from \$500 million to \$650 million this year.

• NBA Properties generated \$750 million in retail licensing sales last year.

• Other than the Olympics, NBA International has become the world's most widely distributed

sports property, selling and distributing league television rights to more than 75 countries.

• With some three dozen players earning \$2 million or more this season, the average player's salary has skyrocketed from \$750,000 last season to more than \$900,000.

"The league has never been healthier," said Colangelo, whose first NBA job was doubling as chief scout and director of marketing for the 1966 expansion Chicago Bulls.

In the 1989-90 season, led by the Minnesota Timberwolves, an expansion franchise that drew 1,072,572 fans, the league enjoyed its seventh consecutive season of growth in attendance, drawing more than 17 million fans to its 1,107 games. The average attendance was 15,690 people.

To appreciate the success the NBA now enjoys, one must understand the trying moments the league had to overcome.

Spurred by the New York Knicks winning NBA titles in 1970 and 1973, Madison Avenue hyped tagged pro basketball as the Sport of the Seventies.

"They were a decade too early," said Paul Silas, president of the National Basketball Association Players' Association from 1974 to 1980.

Before a 1976 merger with the American Basketball Association, the salary battles for top players sent salaries soaring to outlandish heights and many teams drowning in red ink. Meanwhile, a more sinister problem emerged: drugs.

Stern, then the league's executive vice president, remembers those troubled times well.

"There were underlying reasons why the NBA got to where it was. When you're fighting off the possibility of a strike, drugs, high salaries and bad ownerships, they pushed their way onto newspaper pages. Once we solved those problems, we pushed the game back to the forefront where it belonged."

With Larry Bird, Magic Johnson and Michael Jordan doing their bit on the court, coupled with the amicable collective-bargaining relationships that developed between Stern and Larry Fleisher, the general counsel of the Players' Association, two landmark agreements were forged six months

apart in 1983. Those pacts, more than anything else, set the stage for the NBA's turnaround.

On March 31, 1983, the NBA and its players' union reached an agreement that guaranteed the players 53 percent of the gross revenues in exchange for a salary cap.

Six months later, the two sides approved a drug program that called for lifetime suspension, with review after two years, for players caught using drugs. It was the strongest stance taken against drug use by any professional sports league.

With the fans concentrating on the game again, Stern turned his attention to selling it. Now, although concerned about the impact of the current economic climate in the United States, Stern thinks the NBA is in a strong position, even should a recession happen.

"I think our industry would be somewhat impaired, but probably much less than others," he said. "There would be a softening of advertising and sponsorship markets, but attendance would not be adversely affected in the short run. Regardless, we expect our growth to continue."

Knicks and Bulls Hope to Challenge Rock-Solid Pistons

New York Times Service

EASTERN CONFERENCE

Atlantic Division

Boston Celtics

Quick Recap: 52-30 last season, lost to Knicks in opening round of playoffs.

New Faces: Dee Brown (18th pick in the draft), Chris Ford (coach, a former Boston assistant), Brian Shaw (returned after a season in Italy), Stojan Vrankovic (signed as free agent from Yugoslavia).

Top Guns: Larry Bird (24.3 points, 93 percent free-throw average), Kevin McHale (20.9 points, 89.3 percent of free throws), Reggie Lewis (17 points), Robert Parish (15.7 points, 58 percent field-goal average, 10.1 rebounds).

Game Plan: Ford wants the Celtics to use the fast break more, taking advantage of the speed of Shaw, Lewis and Brown. But the average age of the front line is 34, making Boston susceptible to fatigue in April and May.

New York Knicks

Quick Recap: 45-37, lost to Detroit in second round of playoffs.

New Faces: Greg Grant (free agent from Phoenix), Jerrod Mustaf (17th pick).

Top Guns: Patrick Ewing (28.6 points, 55.1 percent of field goals, 10.9 rebounds, 3.9 blocks), Charles Oakley (14.6 points), Gerald Wilkins (14.5 points).

Game Plan: Their coach, Stu Jackson, wants to play more of an up-tempo game, hoping for easier scoring opportunities. If Kiki Vandeweghe stays healthy and Mark Jackson returns to old form, New York should win 45 to 55 games.

Philadelphia 76ers

Quick Recap: 53-29, lost to Chicago in second round of playoffs.

New Faces: Manute Bol (trade from Golden State), Ricky Green (free agent from Indiana).

Top Guns: Charles Barkley (25.2 points, 60

percent of field goals, 11.5 rebounds), Hersey Hawkins (18.5 points, 88.8 percent of free throws), Johnny Dawkins (14.3 points), Mike Omkinski (13.7 points).

Game Plan: Barkley is recovered from shoulder surgery. Bol should put a few more fans into the seats, and a few more shots into the basket. One of last year's biggest surprises, Philadelphia

NBA PREVIEW

has enough offense to repeat as division champions, but its bench still lacks depth.

Washington Bullets

Quick Recap: 31-51, failed to make playoffs.

New Faces: Pervis Ellison (in trade from Sacramento).

Top Guns: Bernard King (22.4 points), John Williams (18.2 points), Darrell Walker (eight assists), Charles Jones (2.4 blocks).

Game Plan: Knee injury to Williams last year ended any hopes for team to make playoffs. He has recovered, but trade of Jeff Malone leaves a major void in the offense.

Miami Heat

Quick Recap: 18-64, failed to make playoffs.

New Faces: Willie Burton (ninth pick), Alec Kessler (12th pick), Jeff Sanders (in trade from Chicago).

Top Guns: Rony Seikaly (16.6 points, 10.4 rebounds), Sherman Douglas (14.3 points).

Game Plan: The Heat's bid for instant respectability failed when Cleveland matched Miami's offer to trade Williams. Seikaly is becoming a force, but he needs help.

New Jersey Nets

Quick Recap: 17-65, worst record in league.

New Faces: Derrick Coleman (first pick), Reggie Theus (in trade from Orlando).

Top Guns: Theus (18.9 points), Chris Morris (14.8 points), Sam Bowie (14.7 points).

Game Plan: The Nets figure things can't get

worse. Coleman will help, but he missed virtually all of training camp. No one knows when Roy Hinson will be back from knee surgery. The Nets will be fortunate to win 30 games.

Central Division

Chicago Bulls

Quick Recap: 55-27, lost to Detroit in Eastern Conference final.

New Faces: Dennis Hopson (in trade from Nets), Cliff Leung (free agent from Atlanta).

Top Guns: Michael Jordan (33.6 points, 2.7 steals), Scottie Pippen (16.5 points), Hopson (15.8 points), Horace Grant (13.4 points), Craig Hodges (48.1 percent on 3-pointers).

Game Plan: A serious threat to unseat the Pistons as division champions. Pippen, Grant, Stacey King and B.J. Armstrong continue to improve, while Jordan continues to be Jordan.

Detroit Pistons

Quick Recap: 59-23, won second consecutive league championship.

New Faces: Lance Blanks (26th pick), Tree Rollins (free agent from Cleveland).

Top Guns: Isiah Thomas (18.4 points, 9.4 assists), Joe Dumars (17.8 points, 90 percent of free throws), James Edwards (14.5 points), Mark Aguirre (14.1 points), Bill Laimbeer (12.1 points).

Game Plan: Despite strong personalities, this team continues to avoid the dissension that often destroys great teams. No team plays better defense, and that gives Detroit an excellent chance to win another title.

Cleveland Cavaliers

Quick Recap: 42-40, lost to Philadelphia in first round of playoffs.

New Faces: Dumey Ferry (entering league after a season in Italy).

Top Guns: Mark Price (19.6 points, 88.8 percent of free throws, 9.1 assists), John Williams (16.8 points, two blocks), Brad Daugherty (16.8 points), Larry Nance (16.3 points).

Game Plan: When healthy, this team can compete with anyone and is clearly a contender. Was it worth trading Ron Harper to acquire Ferry? We'll find out.

Indiana Pacers

Quick Recap: 42-40, lost to Detroit in first round of playoffs.

New Faces: Michael Williams (free agent from Charlotte).

Top Guns: Reggie Miller (24.6 points), Chuck Person (19.7 points), Detlef Schrempf (16.2 points), Rick Smith (15.5 points, two blocks).

Game Plan: To improve, the Pacers will need consistent seasons from Smith, Van Fleeming and Person. Still not ready to challenge Detroit.

Atlanta Hawks

Quick Recap: 41-41, failed to make playoffs.

New Faces: Tim McCormick (in trade from Houston), Sidney Moncrief (returned from retirement), Rumeal Robinson (10th pick), Bob Weiss (coach, former San Antonio coach and Orlando assistant).

Top Guns: Dominique Wilkins (26.7 points), Moses Malone (18.9 points, 10 rebounds).

Game Plan: Wilkins and Malone sometimes have trouble meshing. If team sneaks into the playoffs, it probably won't stay long.

Milwaukee Bucks

Quick Recap: 44-38, lost to Chicago in first round of playoffs.

New Faces: Frank Brickowski (in trade from San Antonio), Danny Schayes (in trade from Denver).

Top Guns: Ricky Pierce (23 points), Jay Humphries (15.3 points), Alvin Robertson (14.2 points, 2.5 steals), Jack Sikma (13.9 points).

Game Plan: Robertson, a guard, led the Bucks in rebounding last season, which is why they traded for Brickowski and Schayes. But they still lack frontcourt scoring and quickness.



Charles Barkley, left, and Michael Jordan will tangle this season, which opens Friday.

Charlotte Hornets
Quick Recap: 19-63, failed to make playoffs.
New Faces: Kendall Gill (fifth pick), Jim Les (free agent), Johnny Newman (free agent from Knicks), Doug Roth (free agent from Bulls).
Top Guns: Rex Chapman (17.5 points), As-
mon Williams (16.7 points), Dell Curry (16 points), Kelly Lusk (15.6 points).
Game Plan: Except for the play of the 5-foot-3-inch, 160-pound, 20-year-old rookie, there is little to get excited about with this team.
—Mike The Washington Conference

BOOKS

THE CONQUEST OF PARADISE: Christopher Columbus and the Columbian Legacy

By Kirkpatrick Sale. 453 pages. \$24.95. Alfred A. Knopf, 201 East 50th St., New York, N.Y. 10022.

Reviewed by Herbert Mitgang

IN his informative and polemical book on Columbus, "The Conquest of Paradise," Kirkpatrick Sale presents what may well be the most unusual of the studies that are planned for the 500th anniversary of Columbus's first voyage. The reader willing to accept the author's premise — this is not a conventional biography but an ecological interpretation that bridges five centuries — will be rewarded by his illuminating research.

Sale alternately builds up and tears down the personality of the Admiral of the Ocean Sea. He offers during views of Columbus's voyages and writings, and then, by an anachronistic leap, pulls him off his pedestal and places him in the center of the current dispute over the threatened environment and the fate of the North and South American Indians.

"Columbus is above all the figure with whom the Modern Age — the age by which we may delineate these past 500 years — properly begins," Sale writes, "and in his character as in his exploits we are given an extraordinary insight into the patterns that shaped the age at its start

and still for the most part shape it today."

For good and ill, the author hangs a heavy burden on Columbus that may well strike the reader as far-fetched: "He is the figure as well who was primarily responsible for the ways in which the culture of Europe was implanted in the Americas, under not only Spanish flags but subsequent banners too, and his extraordinary career, very like his sailing routes, was the model for all those that came after."

"The Conquest of Paradise" provides a feast of factual nuggets. Sale, for instance, discloses that Washington Irving is responsible for much of what the English-speaking world first learned about Columbus.

After a retired Spanish naval officer discovered Columbus's journal and a series of letters he had written appeared in a Spanish edition in 1826, Alexander Everett, the U.S. ambassador to Madrid, asked Irving whether he would be interested in a quick translation job. Irving, then 42 and down on his luck, was indeed interested. He was fluent in Spanish and, in four months, tore off 700 pages of the first draft of a full biography of Columbus.

Irving's biography is "full of errors and suppositions," Sale declares because, as a novelist, he created Columbus as "an essentially fictional hero." Later, some historians expanded on the myth-making of Irving's Columbus.

Sale has dug into the Spanish archives and drawn his own conclusions.

On the outward leg of the first voyage to the New World, the crew grumbled but

there was no mutiny, as other historians have claimed: Columbus assuaged the sailors with promises of gold. Sale says it is wrong to assume he was sailing to the Indies, or China, on the first voyage; no such destination is mentioned in his agreements with the Spanish sovereigns.

The opinionated author doesn't think much of Columbus as a great navigator; on his two longest voyages he lost five of the seven ships he commanded. Columbus did not go to his death, as others have written, ignorant of his discoveries; he knew he had found a continent that had not been discovered before by Europeans. Sale, a respected social historian, is at his most original when he assesses the ecological impact of the Columbus voyages to the New World. He is particularly aroused by what the discovery of America and the future colonization by the Spanish and English did to the native populations.

"The Conquest of Paradise" is a cautionary tale. That's why he concludes: "There is only one way to live in America, and there can be only one way, and that is as Americans — the original Americans — for that is what the earth of America demands. We have tried for five centuries to resist that simple truth. We resist it further only at the risk of the imperilment — worse, the likely destruction — of the Earth."

Sale's quinquennial celebration demands not fireworks but a dream.

Herbert Mitgang is on the staff of The New York Times.

BRIDGE

By Alan Truscott

IF the opening leader wins the first trick and finds that the dummy has a side-suit with three small cards, it will often be right to shift to it, hoping to develop tricks. But that play can also be disastrous, and each case must be considered on its merits. Consider, for example, the diagrammed deal from the Women's Pair Championship at the Summer Nationals in Boston in July. Sitting North and South were Jane Sedlmayr of Manhattan and Patricia Watson of Phoenix. They reached five diamonds by an abrupt route after West had overcalled one diamond with one spade. West led the spade king and looked around for inspiration. Some partnerships would have a suit-preference agreement in relation, but this hardly mattered here. It was clear that East held little or no high-card strength. West shifted to a heart, a play that might be right in other situations. Here, however, it was a disaster. South captured the jack with a king, ruffed a spade and led three rounds of clubs. Then a diamond lead end-played West, forcing her to lead another heart or concede a ruff-and-duff. Whatever she did, the contract was safe. West should have appreciated that there could be no luxury for a heart play. As the cards lie, it would have been safe to lead a club or continue spades. But that would have exposed her to an endplay if the declarer had held the heart jack. So the right play for West, successful as it happens, was to cash the diamond ace and lead a club, with good prospects of scoring the heart queen eventually.

WEST
♠ 832
♥ 10754
♦ A K Q J
♣ A 7943

EAST
♠ 109852
♥ 7984
♦ 8
♣ 765

SOUTH
♠ 103
♥ A K 10
♦ A K 10 2
♣ 10982

Neither side was vulnerable. The bidding: East 1♠, South 1♥, West 2♦, North 3♦.

West led the spade king.

PEANUTS



BEETLE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



DOONESBURY



DENNIS THE MENACE



*CAN I HAVE A GLASS OF WATER WITH AN OLIVE IN IT LIKE GRAMPA JOHNSON DRINKS?

JUMBLE

Unscramble these four Jumbles. The letters are in order, but the words are not. Form four ordinary words.

USEAT

RYDYL

PLUCUF

LARULP

Now arrange the circled letters to form the scurried answer. As suggested by the above cartoon.

ANSWER: THE

(Answers tomorrow)

Yesterday's Jumble: BRAVE LIME MEADOW PURPLE

Answer: What the cynical procrastinator had - A WAIT PROBLEM

ALL THE GUNS IN THE DON'T GETTING THEM

AND... (Answers tomorrow)

WHAT THEY CALL A LOT OF CRICKETS HELD TOGETHER BY THEIR OWN DOUGH.

Now arrange the circled letters to form the scurried answer. As suggested by the above cartoon.

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ANSWER: THE

(Answers tomorrow)

SPORTS

Sampras: The Visible Man

U.S. Open Champ Finds He's the People's Choice

By Nick Stout

International Herald Tribune

PARIS — When Pete Sampras walked out of his hotel room the other evening to get a bite to eat, he was confronted in the lobby by a mob of French admirers. "I had to go back upstairs and use room service," he said. "It's the first time that's ever happened to me."

Welcome, Pete Sampras, to tennis in Europe. Sampras, the 19-year-old high-school dropout from California, is playing tournament tennis again after taking a few weeks to powder the pros and cons of celebrity life. Since beating Ivan Lendl, John McEnroe and Andre Agassi in succession to win the U.S. Open almost two months ago, Sampras has been lying low, playing some exhibitions and nursing a bruised shin bone.

He reappeared on the pro circuit last week in Stockholm, where he lost in the semifinals to Boris Becker. This week, he and just about every other big name in tennis — 35 of the top 38 players — are competing here in the Paris Open.

The French have been waiting for Sampras. More than 10,000 spectators turned out Tuesday night to witness his first match, an excitingly narrow, 7-6 (10-8), 3-6, 7-6 (7-2) victory, over Carl-Uwe Steeb.

"To be recognized by anyone in the world is just something I'm going to have to deal with," Sampras said in an interview Wednesday, looking relaxed and confident. "I've dealt with it pretty well so far, but my private life isn't like it was before."

But, he reflected, it could be worse. "I'm not like Agassi, who's got the long hair," Sampras noted. "Or Becker, with his red hair, I'm a little more normal looking. And so I'm not THAT recognized."

Still, there has been an overwhelming demand on his time, primarily for interviews, which he leaves to his agent, Ivan Himmberg, to sort out. And when he does meet the press, Sampras tries to focus on reality.

"You guys have to realize that I'm not going to play like I did in the U.S. Open all the time," he told reporters after Steeb took him to a third-set tie-breaker. "I'll have my ups and downs."

But at the moment, Sampras is ranked fifth in the world and is flying. Soon after winning at Flushing Meadows, he was invited to the White House.

"I had the best time of my life," he recalled, explaining that he teamed with President Bush against the president's son Marvin and "a lawyer friend" for doubles.

"The president made me feel really comfortable," Sampras said. "He was really informal, just like I was a guest at his house. We played three sets and he wanted to play more. He wanted to play all day."

The president was not the only one to surprise Sampras with a phone call after his victory at the U.S. Open.

"People I haven't spoken to in five or 10 years are suddenly calling me up thinking I'm their best friend," Sampras said. "It's disappointing. Where were they a year ago when I was ranked 80th in the world?"

"The only true friends are your family. They're the only ones who stick with you through thick and thin."

But unlike Michael Chang, the 1989 French Open champion, who rose with Sampras through the junior circuit, Sampras does not travel with his family.

"Mostly nerves," Sampras explained, meaning those of his parents. "My dad has seen me play so many junior matches and has gone through the ups and downs in the past few years that he kind of figured that when I turned pro it was my future."

If Sampras, the son of European immigrants, is on his own now, it was not always that way. "There was a big sacrifice for my family as far as money was concerned," he said. "And by my older brother and younger sister, who didn't get much attention, who were always overshadowed by Stella and myself."

Stella, Sampras's 21-year-old sister, is the only other tennis player in a family that includes a brother, Gus, 22, and a younger sister, Marion, 17. "We've been through good times and bad times," he said, "but it has all been worth it."

Sampras's principal companion on the road is his coach, Joe Brandi, whom he met about a year ago after his celebrated break with Dr. Peter Fischer, the California pediatrician who had run Sampras through tennis since 1979. Brandi, Sampras said, taught him "discipline and hard work."

"He taught me that when you lose early in a tournament it's better to get up early in the morning and start practicing for the next tournament," Sampras recalled, "whereas before I'd just go home."



Pete Sampras, 19, says he thinks he has dealt "pretty well" with his sudden fame, "but my private life isn't like it was before."

take a couple days off. I wasn't disciplined. Nowhere was that discipline on better display than in Sampras's semifinal match against McEnroe in the U.S. Open. While his opponent was routinely directing abuse at the umpire and line judges, Sampras remained stoic, hardly flinching when the controversial calls went against him.

"I really try to control my emotions," Sampras said. "I think it gives an edge to my opponent when he sees me ticked off or with my head down."

Sampras's heads-up philosophy has paid off for him, off the court as well as on.

"I've been around the business a few years now," he said. "I've met every agent you could think of. I've seen flakes. I've seen phonyies. I have a pretty good perception of who I can trust and who I can't."

One person Sampras never had a question about is Rod Laver, the Australian champion whom he idolized as a child.

"He was always such a gentleman on the court," Sampras said. "If he lost, he accepted his loss. That's something I respect and I always wanted to be like that."

Now that the world is watching him closely, Sampras is sensitive to the youngsters who are looking up to him as he once did to Laver.

"I'm not flashy," he said. "I'm not going to grow my hair long. I'm not going to put on earrings. I just want to be the clean-cut American who cares about winning tennis matches. I want to be a good role model for young kids growing up. So when they watch Pete Sampras they'll say, 'I want to be like Pete Sampras.'"

FISA Sets Grand Prix Review

Compiled by Our Staff From Dispatches

PARIS — The International Motorsport Federation, or FISA, has set up a special safety inquiry commission to investigate the 1990 Formula One season, following Ayrton Senna's controversial title victory in Japan.

A report, to be compiled later this year, will "judge the role of all participants — organizers, stewards, officials, teams and drivers," FISA said. The governing body said the results of the review will be used to decide who gets a license for the next Formula One season.

FISA said the committee will have "full power to examine documents and testimonies on 1990's 16 Grand Prix."

FISA said it was setting up the watchdog body "following technical developments and the behavior of certain drivers" in recent months. The move also comes after Ferrari complained to FISA about Senna's crash with Alain Prost.

Senna slammed into the back of Prost's Ferrari on the first bend of the Japanese Grand Prix earlier this month, putting both men out of the race and ending the Frenchman's faint hopes of winning the world championship. Prost won the title last year after a similar crash with the Brazilian in Suzuka, which led to Senna's disqualification.

FISA said there had been "incidents and accidents implicating several drivers" and that "the image of the world championship, which should be exemplary for the sport, has deteriorated."

The new commission, whose members FISA said will be revealed at a later date, will investigate all aspects of the past season's races. The commission will also look at possible rule changes for 1991.

(AP, Reuters)

SIDELINES

Holyfield Gets Belt, WBC Warning

NEW YORK (UPI) — Evander Holyfield has received his heavyweight championship belt — five days after claiming it in the ring by knocking out James (Buster) Douglas, Douglas and his manager had forgotten to give Holyfield the belt in Las Vegas after the fight.

The International Boxing Federation presented the belt to Holyfield on Tuesday and the IBF president, Bob Lee, said the organization would not stand in the way of his plans to fight George Foreman even though former champion Mike Tyson has asked for Holyfield's first defense.

The WBA also has said it will sanction Holyfield's fight, but the World Boxing Council has refused to do so, saying it has no jurisdiction over Holyfield. If he refuses, the WBC's president, Jose Sulzinger, said he thought it likely Holyfield's side would be taken away.

Johnson to Compete in Los Angeles

LOS ANGELES (AP) — Ben Johnson, who was stripped of the gold medal he won and the 2.7-second world record he set in the 100-meter dash at the 1988 Olympics for using steroids, has signed to run in the Sunbelt Invitational indoor track meet here in January.

A meet promoter, Al Ekan, said Johnson's fee will be the largest for any athlete in the 32 years of the Sunbelt meet. It will be the first U.S. appearance for Johnson since his two-year suspension ended last month.

Torborg Named AL's Top Manager

NEW YORK (AP) — Bert Torborg, who guided the Chicago White Sox to the best winning record in major league baseball, has been selected the American League manager of the year. Torborg got 23 of 28 first-place votes from the Baseball Writers Association of America and finished with 128 points.

The White Sox improved by 24½ games over 1989's 69-92 finish to 94-66 and challenged Oakland, the pennant winner, through the final month. Oakland's Tony La Russa got four first-place votes and had 72 points to finish second. Boston's Joe Morgan got the other first-place vote and was third with 28.

Ken Griffey Sr., 40, refused after playing alongside his son for a month this past season, and he will return to the Seattle Mariners for the 1991 season.

Fielder Heads U.S. All-Stars in Tokyo

TOKYO (AP) — Cecil Fielder, after becoming the first U.S. major league baseball player in 13 years to hit 50 home runs in a season, led the U.S. All-Star team to a 2-6 member U.S. all-star team that will open an eight-game series Friday against a Japanese all-star team.

Fielder played for the Hanshin Tigers of Japan's Central League in 1989 and hit 38 home runs and drove in 81 runs in 106 games.

For the Record

Larry O'Brien, the former NBA commissioner who died last month, and Bob Knight were among 12 candidates nominated for election to the Basketball Hall of Fame. O'Brien was nominated by Dave Cowens; Bob Knight was nominated by Nate Archibald; Dave Cowens; Bob Knight; Larry O'Brien; Calvin Murphy; Nene Hackett, a woman's Amateur Athletic Union star; Jack Hartman, the winningest coach in Kansas State basketball history; and the late Carol Beckman, who organized the first women's college basketball tournament for women in 1967.

The 1992 Tour de France cycling race will start from either Spain or the Netherlands and end on Wednesday. They said they had selected Des Borch in the Netherlands and San Sebastian in Spain's Basque Country as the best starting points.

Eric Davis and the Schott Heard 'Round the Baseball World

By Thomas Boswell

Washington Post Service

WASHINGTON — To understand why Marge Schott replaced George Steinbrenner as the worst owner in baseball, and to grasp why she will probably decimate the Cincinnati Reds in fairly quick order, just look at The Eric Davis Case.

Throughout the postseason, Davis played despite a shoulder injury so severe that he risked his career. Yet, in the first inning of the last game of the World Series, he tried to make a circus catch.

Attempting to protect one injury, he took a terrible fall that, as it turned out, could have killed him. The blow landed on his kidney.

Davis tried to stay in the game. Though he could barely walk, he wanted to play. Little did Davis know he needed 10 days of hospitalization (the first several in intensive care), followed by weeks of limited activity. He lost two pints (350 liters) of blood. This wasn't

so much a sports injury as a major life injury brought on by spectacularly reckless and unskillful play. What was the Reds' response?

They won the World Series that night and forgot about Eric Davis. A dog, at least if its name had been Schott, would have been treated better.

The Reds left Davis alone in a San Francisco Bay Area hospital — 2,000 miles (3,200 kilometers) from Cincinnati. He's only the Reds' best player, The Franchise. As if that should have mattered in such a case.

So, it was fitting that Davis was the Red conspicuously by his absence at the White House on Tuesday. On a gorgeous autumn day when his teammates basked in the praise of the president of the United States, Davis was finally going home after 10 days in two hospitals.

"To Eric the Red, I wish continued recovery," said President Bush, adding, "I hope our mislaid fly as straight as Eric Davis's throw to nab Bobby Bonilla in the playoffs."

This puts President Bush one get-well message ahead of Schott.

She has still not said one word to Davis since his injury. After Davis finally criticized the Reds on Sunday for ignoring him (and sticking him with a \$15,000 bill for a private airplane back to Cincinnati), Schott managed to send flowers in her name. At the White House, she muttered, "No comment," but added, "He didn't have to make us look bad."

Making Schott and the Reds' brass look bad doesn't take much work. Manager Lou Piniella has not spoken to Davis either. "It was difficult to reach him. I called three times," Piniella said Tuesday. How tough call it is to reach a guy in a hospital bed? That is, if you care enough to keep calling until you get him.

Schott didn't care enough. But she had time to fly to Washington and kiss the Bush family dog Millie. Piniella didn't care enough. Even though he knows how much these days of glory mean to an athlete, this ceremony is about as big a thrill as winning the Series. And that was my biggest," said Piniella.

Even Tuesday, as Davis was holding a news conference while leaving the hospital, the Reds' general manager, Bob Quinn, still didn't know what day Davis was getting out of the hospital.

SCOREBOARD

HOCKEY

NHL Standings

Wales Conference

Pacific Division

Central Division

Atlantic Division

Campbell Conference

Metropolitan Division

Northeast Division

TUESDAY'S RESULTS

St. Louis

Edmonton

Los Angeles

Pittsburgh

Philadelphia

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